

Complete Financial Statements

March 31, 2017

ITAÚSA

MANAGEMENT REPORT

We present the Management Report and the Financial Statements of Itaúsa - Investimentos Itaú S.A. (Itaúsa) and its subsidiaries for the period from January to March 2017 (1Q17), prepared in accordance with the standards established by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), as well as the International Financial Reporting Standards (IFRS).

Independent Auditor's Report

The Financial Statements were audited by BDO RCS Auditores Independentes S/S (BDO) as independent auditors in attendance to the statutory requirements, including the Brazilian Securities and Exchange Commission policy, and have received an unqualified opinion from the external auditor. The financial statements were approved by the Fiscal Council. In compliance with good Corporate Governance practices adopted by the Conglomerate, these financial statements were also reviewed by PricewaterhouseCoopers Auditores Independentes (PwC) as independent auditors of Itaú Unibanco Holding S.A, the main investment held by Itaúsa.

The financial statements were made available to the CVM and to BM&FBOVESPA.

1) ECONOMIC ENVIRONMENT

The global economy showed signs of improvement in terms of economic growth in the 1Q17.

In the United States, GDP rose 1.7% in the 1Q17 from the 1Q16. Average unemployment rate in the 1Q17 was 4.7%, below the 5.0% posted in the 1Q16.

In the Euro zone, GDP in the 4Q16 rose 1.7% from the same period of the previous year. Employment rates in that region continue to improve, with unemployment rate falling to 9.5% in February 2017, from 10.3% in the same period of the previous year. In the United Kingdom, GDP in the 4Q16 rose 1.8% from the same period of the previous year, and unemployment rate fell to 4.6% in February 2017 from 5.1% in early 2016. However, the UK's prospective exit from the European Union, whose process started in March 2017, and the Italian elections expected to be held in May 2018, pose risks of economy downturn ahead.

The perspective of growth in emerging countries continues to be favorable. China's GDP rose 6.9% in

the 1Q17 in the year-to-year comparison. Even though commodities prices fell in the 1Q17, this movement should not be construed as a sign of weakness of the global economy.

In the domestic scenario, Brazilian GDP in the 4Q16 fell 0.9% from the previous quarter (with seasonal adjustment). Compared to the same quarter of the previous year, this fall was 2.5%. Preliminary indicators suggest growth in the first quarter of 2017, boosted by the agribusiness sector. However, labor market is expected to take a while to recover. Unemployment increased to 13.7% in the quarter ended March, from 10.9% in the same period of the previous year, as measured by the Continuous Pnad (Continuous National Household Sample Survey).

Industry has shown signs of stability these last months. In February, the industrial production was up 0.1% from January, after a seasonal adjustment. The cyclical turnover adjustment is expected to boost a modest recovery of the industry in the time ahead.

In March 2017, the annual change in the financial system credit balance was negative by 6.9% in actual terms, against a 5.6% decrease in March 2016. Loans in the 12-month period to March 2017 fell 13.3% in actual terms, compared to a 14.1% decrease one year before. Default rate for loans to individuals decreased 30 bps in the last 12 months to reach 4.0% in March 2017. The default rate for loans to companies reached 3.7% in March 2017 (2.9% in March 2016).

Inflation measured by IPCA recorded a variation of 4.6% in the last 12 months to March, below the 6.3% recorded at the end of last year. Analysis of broken-down figures shows that regulated prices raised 5.6% in the period, whereas free prices raised 4.3%.

Current inflation in a clearer downward trend and the economic activity below expectations have allowed a more flexible monetary policy. At the meeting held in April 2017, the Central Bank of Brazil reduced the basic interest rate by 100 bps. We expect that the Central Bank continues to cut interest rate and we project a Selic rate at 8.25% at the end of 2017.

Deficit in external accounts remains at a low level (1.1% of GDP in the 12 months ended in March). Our forecast for the upcoming years is a slight rise in the current account deficit, but without compromising external sustainability. In terms of foreign currency rate, we expect that the U.S. dollar reaches R\$ 3.35 at the end of 2017.

2) ITAÚSA HIGHLIGHTS

ITAÚSA

Portfolio Review

On April 4, 2017, Itaúsa announced the acquisition of equity stake in Nova Transportadora do Sudeste S.A. – NTS (“NTS”), a company controlled by Nova Infraestrutura Fundo de Investimentos em Participações (“FIP”), a fund managed by Brookfield Brasil Asset Management Investimentos Ltda.

Itaúsa’s investment in this acquisition was US\$292.3 million and resulted in a final stake of 7.65% in NTS’ capital stock. Out of the amount invested, R\$696.9 million was paid on April 4, 2017, and US\$72.3 million will be paid in five years. In addition to the stake in NTS, Itaúsa also acquired from FIP debentures convertible into shares issued by NTS, maturing in ten (10) years in the total amount of R\$442.1 million.

NTS holds permits to operate 2,050 km of gas pipelines in the Brazilian southeast region and has 100% of its transportation capacity of 158.2 million cubic meters per day contracted with Petróleo Brasileiro S.A through five long-term ship-or-pay contracts. These permits are due as of 2039 and current transportation contracts expire between 2025 and 2031.

Itaúsa will be entitled to nominate one member to the Board of Directors of NTS (out of up to 10 members) and to participate in the shareholders’ agreement along with FIP and Petrobras.

This transaction is not expected to have any significant impact on Itaúsa’s current fiscal year’s results.

Itaúsa is a company whose purpose is to participate in the capital of other companies and is continuously analyzing new investments and evaluating potential operations that add value to its stockholders.

Issue of Debentures

On the meeting held on May 4, 2017, the Board of Directors resolved on the issue of debentures up to the amount of R\$1.2 billion, with return of 106.9% of CDI per year, with semiannual payments and amortization of 1/3 at the end of the 5th, 6th and 7th years.

New Composition of Itaúsa’s Board of Directors

Chariman Henri Penchas, **Vice-Chairman** Alfredo Egydio Setubal and **Vice-Chairwoman** Ana Lúcia de Mattos Barretto Villela, **Effective Members** Paulo Setubal Neto, Rodolfo Villela Marino, Walter Mendes de Oliveira Filho (Independent member); and **Alternate Members** Ricardo Egydio Setubal, Ricardo

Villela Marino, and Henrique Andrade Trinckquel Filho (Independent member), pursuant to resolutions of the Annual Shareholders’ Meeting of April 13, 2017 and of the Board of Directors meeting held on April 19, 2017.

Sustainability

As a way of keeping a transparent relationship with its stakeholders, in April 2017 Itaúsa disclosed its 2016 Annual Report, which reports the initiatives and achievements in the year and includes information on the economic, social, and environmental performance of the main four subsidiaries that are part of the holding company: Itaú Unibanco Holding S.A., Duratex S.A., Elekeiroz S.A., and Itaotec S.A. – Itaotec Group, whose results are reflected in Itaúsa’s Financial Statements.

As of 2009 this report has followed the Global Reporting Initiative (GRI) guidelines and used the G4 version, since it was launched in 2013, which brings the approach and method to manage the most significant and impacting aspects from the perspectives of the Company and its main stakeholders. This document was checked by PricewaterhouseCoopers Auditores Independentes, which issued an assurance report.

For this information, please visit our website:

<http://www.itausa.com.br/pt/financialinformation/annual-and-sustainability-report>

Corporate Events and Return to Stockholders

Held on February 13, 2017, the Board of Directors resolved on as follows:

Interest on Capital mandatory and additional to 2016:

- To declare additional Interest on capital to the mandatory minimum for 2016 of R\$0.16780, with base date February 20, 2017. Accordingly, total net earnings, declared for the fiscal year 2016 was R\$0.504380 per share, representing 6.53% of return ^(a) on investment in dividends/interest on capital (dividend yield) to the average price in the year of the preferred share (ITSA4), net of taxes;

^(a) Dividend/Interest on capital, net per share for the base year (x) - adjusted by bonus. Average weighted price of the preferred share in year(x) – adjusted by earnings, except dividends. Accrual basis.

Capital Call:

- To increase the subscribed paid-up capital from R\$36,405 million to R\$37,145 million, by issuing 121,311,478 new book-entry shares, with no par value, of which 46,341,899 are common and 74,969,579 are preferred shares, for private subscription within the limit of authorized capital:
 - (i) subscription price: R\$6.10 per common or preferred share, according to the average weighted price of preferred shares on BM&FBOVESPA S.A. in the period from October 14, 2016 to February 10, 2017, adjusted by a negative goodwill of approximately 30%; and
 - (ii) preemptive right: stockholders were able to subscribe shares in the period from March 2, 2017 to March 31, 2017, in the proportion of 1.6386161% on shares of the same type that they held in the final shareholding position of February 20, 2017. Stockholders were also able to use part of the additional interest on capital for payment of shares that were subscribed and take part in the apportionments of unsubscribed shares in the preemptive period of subscription (1st and 2nd apportionments). The balance of unsubscribed shares will be sold on the stock exchange.
- A meeting of the Board of Directors is scheduled for the end of May 2017 to approve the capital increase and authorize the release of subscribed shares for trading.

We should register that Itaúsa's Stockholders who are also account holders of Itaú in Brazil and hold book-entry shares may automatically invest dividends to purchase shares by way of the Dividend Reinvestment Program (DRP). To join the DRP, please access Itaú Bankline (www.itaubank.com.br) or call us on (xx11) 3003-9285 if you are in capital cities or metropolitan regions or 0800-720-985 for other locations in Brazil.

Share Buyback Program / Cancellation of Company Shares:

- To cancel 26,819,000 book-entry common shares issued by treasury, by absorbing R\$204.1 million recorded in the profit reserves; and
- To renew the authorization to acquire, within a period of 18 months and at market price, up to 80,000,000 common shares and the equal number of preferred shares of own issue for treasury.

Under the program in force, in April 2017 Itaúsa acquired 25 million common shares of own issue, in the amount of R\$225.9 million. The purpose of this process is to invest available funds in the Company.

3) ITAÚSA ECONOMIC PERFORMANCE

MAIN INDICATORS OF ITAÚSA'S INDIVIDUAL RESULTS

As a holding company, Itaúsa's results are basically derived from its share of income, determined based on the results of its subsidiaries. Below we present Itaúsa's share of income and result, considering recurring events only (non-recurring events are detailed on page 6).

	R\$ million				
Recurring Share of Individual Income by Area	01/01 to 03/31/2017	%	01/01 to 03/31/2016	%	Change (%)
Financial Services Area	2,223	100.4%	2,131	101.6%	4.3%
Industrial Area	(10)	-0.5%	(34)	-1.6%	-70.6%
Duratex	(4)	-0.2%	(11)	-0.5%	-63.6%
Elekeiroz	(1)	0.0%	(11)	-0.5%	-90.9%
Itautec	(5)	-0.2%	(12)	-0.6%	-58.3%
Others	1	0.0%	-	0.0%	na
Recurring share of individual income	2,214	100.0%	2,097	100.0%	5.6%
Results of Itaúsa - net of taxes	(375)		(130)		
General Administrative Expenses	(11)		(11)		
Financial Income / Expenses	21		19		
Tax Expenses	(220)		(124)		
Other Operating Revenues	3		4		
Income Tax / Social Contribution	(168)		(18)		
Recurring Net Income	1,839		1,967		-6.5%
Non-Recurring results	82		1		
Arising from stockholding interest in Itaú Unibanco	81		6		
Arising from stockholding interest in Duratex	1		-		
Arising from stockholding interest in Elekeiroz	-		(5)		
Net Income	1,921		1,968		-2.4%

General and Administrative Expenses (G&A)

General and administrative expenses totaled R\$11 million from January to March 2017. Considering the administrative structure dedicated to Itaúsa's activities, the G&As totaled R\$17 million from January to March 2017, down 8.3% over the same period in 2016.

Financial Income/ Expenses

In the first quarter of 2017, Itaúsa recorded a positive net financial result of R\$21 million, up 10.5% compared to 2016.

Tax Expenses

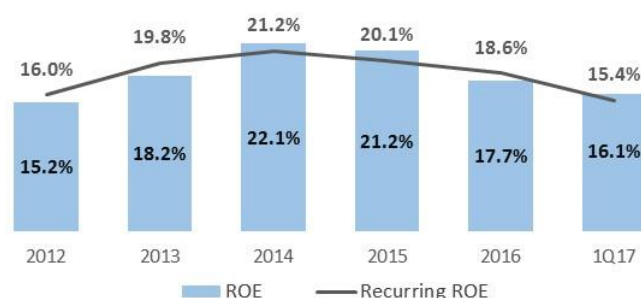
In the first three months of 2017, tax expenses totaled R\$220 million (a R\$96 million increase). These expenses are basically composed of PIS and COFINS levied on income from interest on capital received from Itaú Unibanco, which increased by R\$872 million from the 1Q16. Additionally, income tax and social contribution of R\$168 million in the first quarter were impacted by the difference between the interest on capital received and paid for the previous year.

Net Income

As a result of the events mentioned above, recurring net income from January to March 2017 totaled R\$1,839 million, down 6.5% from the previous year,

with recurring return on average equity (ROE) of 15.4%. Net income for the same period reached R\$1,921 million, with a return of 16.1%.

Return on Average Equity (ROAE)



Liquidity

Total cash and cash equivalents and financial assets held for trading reached R\$1,463 million at the end of March 2017.

The Company's indebtedness ^(a) at March 31, 2017 was 5.0%, and out of the total liabilities of R\$2.5 billion, R\$1.4 billion referred to dividends and interest on capital payable.

(a) (current and non-current liabilities/ total assets) x 100

MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

	R\$ million					
	Parent company		Non-controlling interests		Consolidated	
	03/31/2017	03/31/2016	03/31/2017	03/31/2016	03/31/2017	03/31/2016
Net income	1,921	1,968	(5)	(19)	1,916	1,949
Recurring net income	1,839	1,967	(7)	(19)	1,832	1,948
Stockholders' equity	47,804	45,106	2,950	2,927	50,754	48,033
Annualized return on average equity (%)	16.1%	17.5%	-0.7%	-2.6%	15.1%	16.3%
Annualized recurring return on average equity (%)	15.4%	17.5%	-0.9%	-2.6%	14.4%	16.2%

MAIN FINANCIAL INDICATORS

Results per share - in R\$	R\$ per share		
	03/31/2017	03/31/2016	Change (%)
Net income of parent company	0.26	0.26	(2.0)
Recurring net income of parent company	0.25	0.26	(6.2)
Book value of parent company	6.46	6.07	6.4
Dividends/ interest on capital, net	0.06	0.06	(2.1)
Price of preferred share (PN) ⁽¹⁾	9.59	7.45	28.6
Market capitalization ⁽²⁾ - R\$ million	70,998	55,388	28.2

(1) Calculated based on the average quotation of preferred shares on the last day of the period.

(2) Calculated based on the average quotation of preferred shares on the last day of the period (quotation of average PN multiplied by the number of outstanding shares at the end of the period).

Note: The number of outstanding shares and the quotation of the share were adjusted to reflect the 10% bonus declared out on April 29, 2016.

RECONCILIATION OF RECURRING NET INCOME

In order to allow the appropriate analysis of the financial statements for the period, we present the net income, with exclusion of the main non-recurring effects, net of the respective tax effects, as follows:

	R\$ million					
	Parent company		Non-controlling interests		Consolidated	
	01/01 to 03/31/2017	01/01 to 03/31/2016	01/01 to 03/31/2017	01/01 to 03/31/2016	01/01 to 03/31/2017	01/01 to 03/31/2016
Net income	1,921	1,968	(5)	(19)	1,916	1,949
Inclusion/(Exclusion) of non-recurring effects C = (A + B)	(82)	(1)	(2)	-	(84)	(1)
Arising from stockholding interest in Itaú Unibanco (A)	(81)	(6)	-	-	(81)	(6)
Change in Treasury Shares	(77)	(12)	-	-	(77)	(12)
Effect of Adherence to the Program for the Payment of Federal Taxes	-	(5)	-	-	-	(5)
Provision for Contingencies - Economic Plans	7	9	-	-	7	9
Other	(11)	2	-	-	(11)	2
Arising from stockholding interest in other Itaúsa group companies (B)	(1)	5	(2)	-	(3)	5
Duratex	(1)	-	(2)	-	(3)	-
Elekeiroz	-	5	-	-	-	5
Recurring net income	1,839	1,967	(7)	(19)	1,832	1,948

MAIN INDICATORS OF ITAÚSA CONGLOMERATE COMPANIES

	January to March	R\$ million				CONSOLIDATED ITAÚSA ⁽²⁾
		Financial Services Area		Industrial Area		
		Itaú Unibanco Holding	Duratex ⁽¹⁾	Elekeiroz	Itautec	
Total assets	2017	1,323,995	9,142	429	109	58,253
	2016	1,203,294	8,766	710	162	54,020
Operating revenues ⁽³⁾	2017	53,138	952	225	1	3,481
	2016	50,985	901	206	3	3,246
Net income	2017	6,001	(8)	(1)	(5)	1,916
	2016	5,711	(30)	(16)	(12)	1,949
Stockholders' equity	2017	122,163	4,567	110	52	50,754
	2016	113,087	4,501	439	65	48,033
Annualized return on average equity (%) ⁽⁴⁾	2017	20.1%	-0.7%	-4.1%	-35.0%	15.1%
	2016	20.5%	-2.6%	-14.4%	-68.4%	16.3%
Internal fund generation ⁽⁵⁾	2017	19,490	198	10	(4)	(26)
	2016	15,229	147	(3)	(6)	32

(1) Net Income, Stockholders' equity and ROE of Duratex correspond to results of Consolidated Financial Statement.

(2) Itaúsa Consolidated includes: the consolidation of 100% of the subsidiaries and is net of consolidation elimination and unrealized results of intercompany transactions.

The amounts for Itaú Unibanco that were not consolidated and are now being accounted for under the equity method.

(3) Operating revenue by area of operations was obtained as follows:

- Itaú Unibanco Holding: Interest and similar income, dividend income, net gain (loss) from investment securities and derivatives, banking service fees, income from insurance, private pension and capitalization operations before claim and selling expenses and other income.
- Duratex, Itautec and Elekeiroz: Sales of products and services.
- Itaúsa Conglomerate: Sales of products and services and share income of associates and joint ventures.

(4) Represents the ratio of net income for the period and the average equity ((mar + dec'16) / 2).

(5) Refers to funds arising from operations as reported by the statement of cash flows.

Note: Net Income, Stockholders' equity and ROE of Itaú Unibanco correspond to results attributable to controlling stockholders.

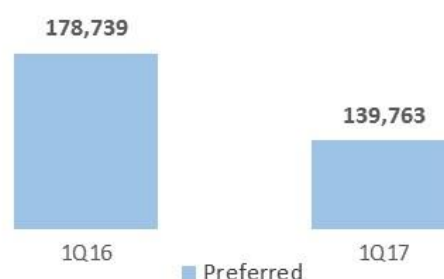
As from the second quarter of 2016, Itaú CorpBanca was consolidated in Itaú Unibanco financial statements.

4) CAPITAL MARKETS

Traded on the São Paulo Stock Exchange (BM&FBOVESPA), Itaúsa's preferred shares (ticker ITSA4) closed the first quarter of 2017 at R\$9.50, a 28.7% increase from the end of the first quarter of 2016, whereas the main index of that stock exchange, Ibovespa, posted a 29.8% increase.

The daily average financial volume of the preferred shares traded in the first quarter of 2017 was R\$139.8 million, as compared to R\$178.7 million in the same period of the previous year, with a total of 1,609 thousand transactions (2,113 thousand from January to March 2016).

Daily average financial volume traded (R\$000)



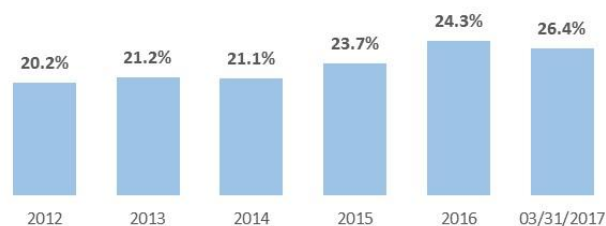
Itaúsa Discount

We deem the discount as an indicator of the difference between the market price ascertained for Itaúsa and the theoretical value obtained through the sum of the market values of the parts that compose the Holding Company's investments. The Investor Relations area discloses information on a monthly basis about the discount on the Company's website. To receive it, please register on: www.itausa.com.br.

At March 31, 2017, Itaúsa's shares were traded at a 26.4% discount, compared to 23.6% at the end of March 2016.

At the end of the period, market capitalization, based on the price of the most liquid shares (ITSA4), was R\$70,998 million, a 28.2% increase from the previous year, whereas the total market value of the sum of interests in subsidiaries reached R\$96,474 million.

History of Itaúsa Discount



At March 31, 2017, Itaúsa had 56,249 individual stockholders, an increase of 45.3% compared to March 2016.

5) ITAÚSA'S SUBSIDIARY COMPANIES



Reports and Policy

Consolidated Annual Report – In April 2017, Itaú Unibanco disclosed its Consolidated Annual Report, a document that unifies Form 20-F, the Annual Report, and the Offering Memorandum for the Medium-Term Note Program (MTN Program), to centralize and consolidate how the bank presents Itaú Unibanco's significant information to many strategic stakeholders. The document is an important source of information on the Company, as it describes the strategies, performance, main business, corporate governance, risk management, and sustainability practices.

Integrated Report – On that same month, Itaú Unibanco disclosed the Integrated Report, which also addresses the strategies, business, products, services, and mainly how the bank creates shared value and ensure the continuity of the business to its clients, stockholders, employees, and society.

For this information, please visit the website www.itaú.com.br/relatorio-anual.

Relationship Policy with Public Officials and Contracting with Public Administration Bodies and Companies – It consolidates the main rules and practices followed in Itaú Unibanco Conglomerate's relationship with Public Officials, aimed to ensure the ethical and transparent performance of management members and employees, as well as to prevent and fight against frauds and illegal acts under bidding processes and administrative contracts. Policies can be accessed at Itaú Unibanco's Investor Relations

website > Corporate Governance > Rules and Policies.

New Composition of Itaú Unibanco's Board of Directors

At the Annual Stockholders' Meeting of April 19, 2017, the following members were elected to the Board of Directors, of whom 42% are deemed independent members: Pedro Moreira Salles (co-chairman¹), Roberto Egydio Setubal (co-chairman¹), Alfredo Egydio Setubal, Amos Genish², Fábio Colletti Barbosa², Geraldo José Carbone, Gustavo Jorge Laboissière Loyola², João Moreira Salles, José Galló², Marco Ambrogio Crespi Bonomi, Pedro Luiz Bodin de Moraes² and Ricardo Villela Marino.

¹ On April 24, 2017 they were appointed as co-chairs
² Independent member

Candido Botelho Bracher, who was a member of the Board, was elected as CEO of Itaú Unibanco Holding in April 27, 2017, succeeding Roberto Egydio Setubal.

Corporate Events

New Procedure for Payment of Dividends and Interest on Capital – Since the merger between Itaú and Unibanco¹, the percentage of recurring consolidated net income distributed as dividends and interest on capital (net payout) was 31% on average. At the Board of Directors' meeting held on February 6, 2017, Itaú Unibanco changed the procedure to pay dividends and interest on capital, which will now range from 35% to 45% of recurring consolidated net income in the following years². In 2016, net payout was 45%.

¹ Period from 2009 to 2015.

² The payout range is subject to changes arising from any mergers and acquisitions, regulatory corporate changes, and significant changes in risk-weighted assets. The events listed above that may bring about changes in net payout are not comprehensive, that is, they are only examples of situations that might affect payout. The payout range may be subject to changes, but always including the minimum distribution set forth in our Bylaws.

Share Buyback Program – In the first quarter of 2017, Itaú Unibanco acquired 7,976,000 preferred shares of own issue in the total amount of R\$285.8 million at the average price of R\$35.83 per share¹.

In April 2017, the Company acquired 7,461,800 preferred shares of own issue in the amount of R\$284.6 million. Taking into account the current program², from November 2016 to April 2017 it repurchased 38,087,800 preferred shares at the average price¹ of R\$34.59.

The share buyback process is aimed at (i) maximizing the capital allocation through the efficient application of available funds, (ii) arranging for the delivery of shares to employees and management members of the Company and its subsidiaries under the scope of remuneration models and long-term incentive plans, and (iii) using the shares acquired if business opportunities arise in the future.

¹ Buyback amounts include settlement and brokerage fees. For further information on volumes traded and prices, visit www.itaubr.com.br/investor-relations > Corporate Governance > Trading of Own Shares, or see Note 16 to the financial statements.

² In accordance with the Material Fact disclosed on February 2, 2016, these purchases refer to the buyback program approved by the Board of Directors, which renewed the limit for purchase of up to 10.0 million common shares and 50.0 million non-voting shares of own issue for the period from February 3, 2016 to August 2, 2017.

Post March 31, 2017 Events

Group Life Insurance – In April 2017, after approvals from SUSEP and CADE, the Brazilian antitrust agency, were obtained, Itaú Unibanco completed the sale of 100% of its group life insurance operations to Prudential do Brasil Seguros de Vida S.A., announced in September 2016. The sale of this operation reinforces the already-disclosed strategy of focusing on mass-market insurance products typically related to the retail banking segment.

CARF's Decision (Administrative Council of Tax Appeals) – In 2013, the Brazilian IRS (Internal

Revenue Services) issued a tax assessment notice regarding the collection of income tax and social contribution on net income (CSLL) arising from the corporate operation related to the merger between the Itaú and Unibanco financial conglomerates. On April 10, 2017, CARF, by Ordinary Instance, issued a favorable decision to the Company, recognizing that these intended collections of income tax and social contribution on net income were not applicable and ratifying the regularity and legitimacy of the merger of Itaú and Unibanco in the way it was fully approved by the Central Bank of Brazil, CVM, and the Administrative Council for Economic Defense (CADE), which reaffirms the Company's understanding that the operations carried out were legitimate. Since the receipt of the tax assessment notice from the Brazilian IRS, Itaú Unibanco has believed that the risk of loss in the above mentioned tax proceeding was remote. Currently, the Company awaits the execution of the judgment.

Results

In the period from January to March 2017, Itaú Unibanco's recurring net income was R\$6.0 billion, a 4.5% increase from the same period of 2016, and annualized return on average equity was 20.1%. Net income, determined in a challenging economic period, was achieved in view of an ongoing strategy focused on credit lines of lower risk, and income from services and insurance, while concurrently keeping control of costs and focusing on clients.

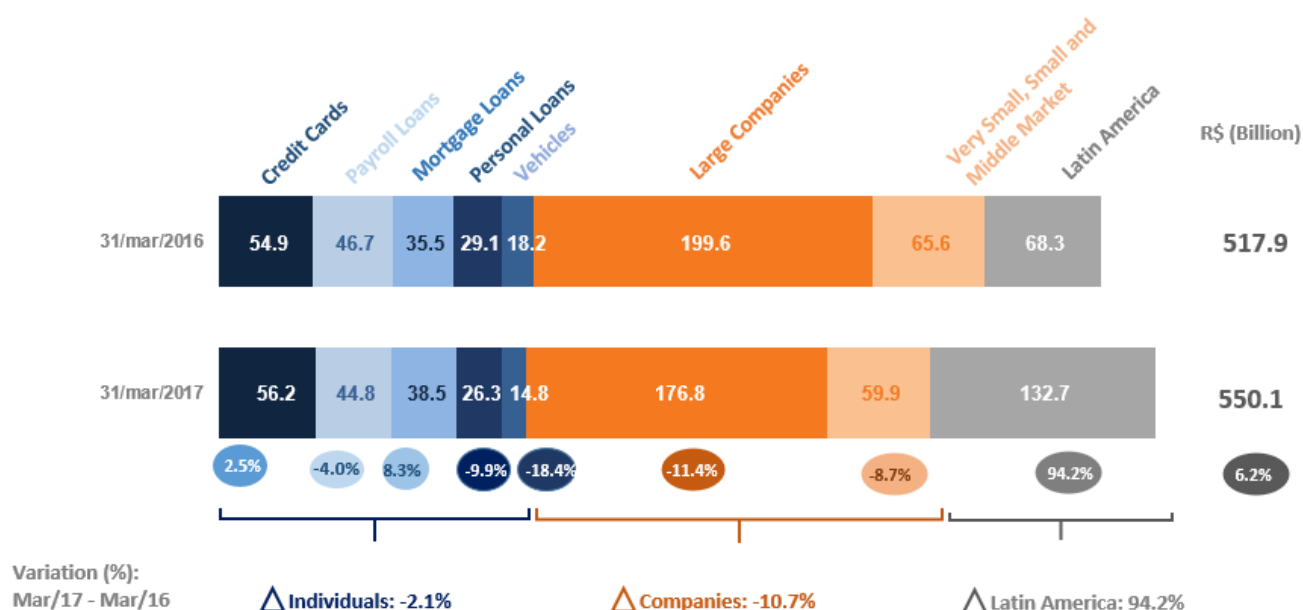
Assets

Total consolidated assets reached R\$1.3 trillion at the end of March 2017, a 10.0% increase from the same period of 2016. Business diversification is reflected in the changing composition of the loan portfolio in the last few years, focusing on the origination of products with lower risks and more guarantees and on the internationalization of the bank's operations.

Loan Portfolio

At March 31, 2017, the balance of the loan portfolio, including endorsements and sureties, reached R\$550.1 billion, a 6.2% increase from March 31, 2016, mainly due to the effect of the consolidation of Itaú CorpBanca in Itaú Unibanco's financial statements as of the second quarter of 2016. If we also included the credit risks associated with private securities, this increase would reach 5.8%.

At March 31, 2017 and 2016, the breakdown of portfolio, including endorsements and sureties, is as follows:



Default

The strategy to mitigate the risk associated with credit granting, started in 2012, has impacted the default rate, mainly due to the change to a more conservative profile of Itaú Unibanco's portfolio:

- ➔ Total delinquency rate (loans overdue for over 90 days) reached 3.4% at March 31, 2017, a decrease of 0.4 basis points from March 31, 2016;
- ➔ In the individuals portfolio, this rate was 4.7% at the end of March 2017, a decrease of 0.8 basis points from the same period of the previous year; and
- ➔ In the companies' portfolio, it reached 2.3% at the end of March 2017, a decrease of 0.1 basis points from March 31, 2016.

Funding

Free, raised and managed own assets amounted to R\$2.1 trillion at March 31, 2017, up 11.9% from the same period of the previous year. Demand deposits

added to savings deposits increased 1.4% from the same period of the previous year.

Asset Management

In March 2017, Itaú Unibanco reached R\$560 billion¹ in assets under management, according to ANBIMA management ranking, accounting for 15.1% of the market. The bank posted a 14.6% growth in assets under management compared to the same period of the previous year.

March 2017, the **Personalité Investimento 360** platform was launched, expanding a convenience and comfort to provide a full range of investment products from Itaú and other financial institutions through Itaú Corretora. This initiative also provides a specialized advisory service, taking into account as the short, medium and long term customer needs and offers more agility for investigations on tracking all of your financial movement and income in one place.

With the new service, the bank extended to Personalité clients the offer with better opportunities

in Investment Funds, Treasury Direct, Pension Plan, shares, treasure bills and CDB, in accordance with each investor's profile.

1 Includes Itaú Unibanco and Intrag.

Capital Strength

At the end of March 2017, the Basel Ratio reached 18.1%, of which (i) 15.4% refers to Tier I Capital, which is the sum of Common Equity Tier I Capital and Additional Capital, and (ii) 2.8% refers to Tier II Capital. These indicators show the bank's capacity to absorb unexpected losses.

Liquidity

The Liquidity Coverage Ratio (LCR) is a ratio that refers to free and highly liquid assets and cash outflows (net) over a 30-day period and is calculated based on the methodology defined by Circular No. 3,749, of the Central Bank of Brazil, which is in line with international guidelines. BACEN minimum requirement is 80% for 2017, and for the first quarter of this year the Company's average ratio was 210.9%.



In the first quarter of 2017, Duratex's consolidated investments totaled R\$98.4 million, of which R\$43.9 million for industrial maintenance, and R\$54.5 million for forest operating expenses. For 2017, the company's investments are focused on the maintenance of current operations, expected to amount to R\$420.0 million.

Results

In the first quarter of 2017, net revenue totaled R\$952.0 million, up 5.6% from that recorded in the same period of 2016. Out of this amount, share in the foreign market, through exports and the Tablemac operation in Colombia, accounted for 16%.

In the first quarter of 2017, Duratex's recurring adjusted EBITDA was R\$148.2 million, up 39.4% from the first three months of 2016. EBITDA recurring margin increased to 15.0% in this quarter from 11.6% in the same period of 2016. This result is a consistent improvement from the same period of the previous year, evidencing all the efforts devoted by the Company since the Brazilian economy started its downward trend.

In this quarter, the Company recorded lower volumes shipped in the Wood Division, whereas the Deca Division recorded larger volumes shipped from the quarters used for comparison, which resulted in an 11.5% increase in revenues in the domestic market from the first quarter of 2016.

Duratex's recurring operations recorded a loss of R\$9.3 million in the first quarter of 2017, as compared to a loss of R\$29.6 million in the same period of 2016, thus signaling a recovery from the same period of the previous year. This improved result was mainly driven by a slight recovery in the market, which led to a better operational performance, in addition to benefits from cost reduction and efficiency gain projects.

Another event that contributed to this result in the quarter was the sale of farms from subsidiary Duratex Florestal, which amounted to R\$1.8 million, net of taxes.

The ratio of net debt to EBITDA improved in the quarter, reaching 2.81 times. Compared to the same period of the previous year, this ratio was 2.95 times. Even though the net debt is still relatively stable, the improvement in operating cash generation was the main reason for this result.

This early 2017 remained adverse to the **Wood Division**. However, in spite of this scenario, the result for the quarter was better than that of the same quarter of 2016, signaling a positive trend. Even with lower shipped volumes, the EBITDA margin reached 15.0% this quarter from 11.6% in the same period of 2016.

Deca Division recorded significant increases in volume from the two reference periods, up 14.5% from the previous quarter and 25.5% from the first three months of 2016, respectively. In spite of a slightly less favorable mix than in previous periods, this Division's results increased to 16.5% of the EBITDA margin early this year from 12.2% recorded in the first quarter of 2016. EBITDA for the quarter was R\$56.6 million. The main reasons for these improved results were a more streamlined cost base and larger volumes.

Elekeiroz

In the first three months of 2017, investments reached R\$5.1 million and were allocated to maintenance of operations.

Results

Products shipped in the first quarter of 2017 were up 23% than the first quarter of 2016. This increase was

driven by sales in the domestic market of both organic (up 28% from the first quarter of 2016) and inorganic products (up 29%).

Net revenue posted a 10% increase, following the volumes shipped, compared to the first quarter of 2016, recording the best result for the last five quarters. Domestic sales increased 16% and exports fell 51%, respectively, from the first quarter of 2016.

The actions implemented in 2016 focusing on the reorganization of the production capacity and cost reductions started to show effects. Gross profit for the quarter was the best recorded since the fourth quarter of 2013, keeping the recovery trend noted in recent periods, up 173% from the same period of the previous year.

EBITDA for the quarter was R\$10.6 million, from the negative amount of R\$7.0 million recorded in the first quarter of 2016 (a positive recurring amount of R\$1.2 million).

In the quarter, Elekeiroz recorded a net loss of R\$1.1 million (a net loss of R\$16.1 million in the first quarter of 2016).



Partnership with OKI Electric Industry CO. LTD. ("OKI"): On January 11, 2017, Itautec exercised the put option for 763,740 shares of Oki Brasil Indústria e Comércio de Produtos e Tecnologia em Automação S.A. (Oki Brasil) in the amount of R\$53.4 million, received from Oki; as a result, Itautec now holds 1,717,650 shares, corresponding to 11.2% of Oki Brasil's capital.

Operational management: Itautec continues to honor the warranty and maintenance contracts for equipment related to the Itautec/Infoway brand, without causing any inconvenience to its customers.

6) PEOPLE MANAGEMENT

Itaúsa Conglomerate had the support of approximately 107,000 employees at the end of March 2017, including approximately 14,000 employees in foreign units and 61 people dedicated to Itaúsa's specific activities.

The fixed compensation plus charges and benefits of the Conglomerate's employees totaled R\$4.0 billion from January to March 2017, a 17.6% increase from the same period of the previous year.

7) INDEPENDENT AUDITORS – CVM INSTRUCTION No 381

Procedures adopted by the Company

The policy adopted by Itaúsa, its subsidiaries and parent company, to engage non-audit related services from our independent auditors is based on the applicable regulations and internationally accepted principles that preserve the auditor's independence. These principles include the following: (a) an auditor cannot audit his or her own work, (b) an auditor cannot hold managerial positions at their client's; and (c) an auditor cannot promote the interests of its client.

In the period from January to March 2017, BDO and its related parties did not provide non-audit related services in excess of 5% of total external audit fees.

Additionally, we decided to apply the provisions of this Instruction to engage non-audit related services by PwC. In the period from January to March 2017, the following services were provided:

- February 2 - review of fiscal bookkeeping;
- February 6 - acquisition of technical materials and survey;
- March 2 – review of compliance with transfer pricing policies.

Independent Auditors' Justification – PwC

The provision of the above-described non-audit related professional services do not affect the independence or the objectivity of the external audit of Itaúsa and its subsidiaries. The policy adopted for providing non-audit related services to Itaúsa is based on principles that preserve the independence of Independent Auditors, all of which were considered in the provision of the referred service.

8) ACKNOWLEDGMENTS

We thank our stockholders and clients for their trust, which we always try to pay back by obtaining results differentiated from those of the market, and making available quality products and services, and our employees for their talent, which has enabled the sustainable growth of business.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

BOARD OF DIRECTORS

Chairman

Henri Penchas

Vice-Chairman

Alfredo Egydio Setubal

Ana Lúcia de Mattos Barretto Villela

Members

Paulo Setubal

Rodolfo Villela Marino

Walter Mendes de Oliveira Filho

Alternative members

Henrique Andrade Trinckquel

Ricardo Egydio Setubal

Ricardo Villela Marino

FISCAL COUNCIL

President

Tereza Cristina Grossi Togni

Members

Alexandre Barenco Ribeiro

Flavio César Maia Luz

José Maria Rabelo

Paulo Ricardo Moraes Amaral

Alternative members

José Roberto Brant de Carvalho

Dulcidio Lavoisier de Oliveira Peres

Felício Cintra do Prado Júnior

Isaac Berensztein

João Costa

EXECUTIVE BOARD

Chief Executive Officer

Alfredo Egydio Setubal (*)

Executive Vice-Presidents

Roberto Egydio Setubal

Rodolfo Villela Marino

(*) *Investor Relations Officer*

Accountant

Ricardo Jorge Porto de Sousa

CRC 1SP 185.916/O-8

ITAÚSA - INVESTIMENTOS ITAÚ S.A**Consolidated Balance Sheet***(In millions of reais)*

ASSETS	NOTE	03/31/2017	12/31/2016
Cash and cash equivalents	3	2,607	2,434
Financial assets held for trading	4	437	310
Trade accounts receivable	5	985	934
Other financial assets	6a	880	1,441
Inventory	7	875	907
Investments in associates and joint ventures	8 IIa	44,798	45,044
Fixed assets, net	9	3,711	3,742
Intangible assets, net	10	991	997
Biological assets	11	1,566	1,529
Tax assets		1,303	1,597
Income tax and social contribution - current		296	550
Income tax and social contribution - deferred	12b	938	961
Other		69	86
Other non-financial assets	6a	100	85
TOTAL ASSETS		58,253	59,020

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	03/31/2017	12/31/2016
Liabilities			
Dividends and interest on capital		1,411	2,032
Loans and financing	13	3,471	3,712
Provision	14	1,124	996
Tax liabilities		710	863
Income tax and social contribution - current		71	44
Income tax and social contribution - deferred	12b	477	496
Other		162	323
Other liabilities	6b	783	738
Total Liabilities		7,499	8,341
Stockholders' Equity			
Capital	15a	36,405	36,405
Treasury shares		-	(204)
Reserves	15c	12,768	13,077
Carrying value adjustments		(1,369)	(1,549)
Total Stockholders' Equity Attributable to Owners of the Parent Company		47,804	47,729
Non-controlling interests		2,950	2,950
Total Stockholders' Equity		50,754	50,679
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		58,253	59,020

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A**Consolidated Statement of Income***(In millions of reais, except per share information)*

	NOTE	01/01 to 03/31/2017	01/01 to 03/31/2016
Net sales revenue of products and services	17	1,178	1,109
Cost of products and services	18	(921)	(900)
Sales expenses	18	(157)	(143)
General and administrative expenses	18	(73)	(82)
Other (losses)/gains, net	19	6	(17)
Tax expenses		(221)	(124)
Financial result	20	(34)	(38)
Share of income in associates and joint ventures	8 IIa	2,303	2,137
Income before income tax and social contribution		2,081	1,942
Current income tax and social contribution	12a	(162)	(80)
Deferred income tax and social contribution	12b	(3)	87
Net income		1,916	1,949
Net income attributable to owners of the parent company		1,921	1,968
Net income attributable to non-controlling interests		(5)	(19)
Earnings per share - basic and diluted	21		
Common		0.26	0.26
Preferred		0.26	0.26
Weighted average number of shares outstanding – basic and diluted			
Common		2,828,112,054	2,854,931,054
Preferred		4,575,176,570	4,575,176,570

*The accompanying notes are an integral part of these financial statements.***ITAÚSA - INVESTIMENTOS ITAÚ S.A****Consolidated Statement of Comprehensive Income***(In millions of reais)*

	01/01 to 03/31/2017	01/01 to 03/31/2016
Net income	1,916	1,949
Other comprehensive income	180	(286)
Amounts that will subsequently be reclassified to results	204	(283)
Interest in associates and jointly controlled entities, net of tax	203	(278)
Available-for-sale financial assets; hedges and foreign exchange variations on investments abroad	203	(278)
Interest in subsidiaries, net of tax	1	(5)
Foreign exchange variations on investments abroad	1	(5)
Amounts that will not subsequently be reclassified to results	(24)	(3)
Interest in associates and jointly controlled entities, net of tax	(24)	(3)
Remeasurement of post-employment benefit obligations	(24)	(3)
Total comprehensive income	2,096	1,663
Comprehensive income attributable to owners of the parent-company	2,101	1,682
Comprehensive income attributable to non-controlling interests	(5)	(19)

The accompanying notes are an integral part of these financial statements.

ITAÚSA- INVESTIMENTOS ITAÚ S.A.
Consolidated Statement of Cash Flow

(In millions of reais)

	Note	01/01 to 03/31/2017	01/01 to 03/31/2016
Cash flow from operating activities			
Adjusted net income		(26)	32
Net income		1,916	1,949
Adjustments to net income:		(1,942)	(1,917)
Interest, foreign exchange and monetary variations, net		113	99
Depreciation, amortization and depletion	9, 10 and 11	151	140
Share of income in associates and joint ventures	8 IIa	(2,303)	(2,137)
Deferred income tax and social contribution		3	(87)
Change in fair value of biological assets	11c	(43)	(36)
Allowance for loan losses	5	5	6
Contingent liabilities	14b	111	67
Other		21	31
Changes in assets and liabilities		113	74
(Increase) decrease in financial assets		(127)	122
(Increase) decrease in trade accounts receivable		(56)	13
Decrease in inventory		32	14
Decrease in tax assets		291	188
(Increase) decrease in other assets		546	(3)
Decrease in tax liabilities		(146)	(64)
Decrease in other liabilities		(427)	(196)
Others		(91)	(94)
Payment of income tax and social contribution		(7)	(3)
Interest paid on loans and financing		(84)	(91)
Net cash (used) from operating activities		(4)	12
Cash flow from investment activities			
Purchase of investments		-	(87)
Sale of investments		2	-
Acquisition of fixed assets, intangibles and biological assets		(104)	(91)
Sale of fixed assets, intangibles and biological assets		53	-
Interest on capital and dividends received		2,676	1,782
Net cash from investment activities		2,627	1,604
Cash flow from financing activities			
Advance for future capital increase		15	-
Interest on capital and dividends paid		(2,233)	(2,057)
Borrowing and financing		15	147
Payment of borrowing and financing		(247)	(108)
Payment of debentures		-	(8)
Net cash used in financing activities		(2,450)	(2,026)
Net increase (decrease) in cash and cash equivalents		173	(410)
Cash and cash equivalents at the beginning of the exercise	3	2,434	2,174
Effects of changes in exchange rates on cash and cash equivalents		-	(3)
Cash and cash equivalents at the end of the exercise	3	2,607	1,761

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Consolidated Statement of Value Added

(In millions of reais)

	01/01 to 03/31/2017	%	01/01 to 03/31/2016	%
Income	1,492		1,396	
Sales of products and services	1,481		1,390	
Allowance for doubtful accounts	(5)		(6)	
Other revenue	16		12	
Inputs purchased from third parties	(1,009)		(936)	
Cost of products and services	(848)		(767)	
Materials, energy and third-party services	(159)		(166)	
Other	(2)		(3)	
Gross value added	483		460	
Depreciation, amortization and depletion	(151)		(140)	
Net value added produced by the company	332		320	
Value added received from transfer	2,412		2,231	
Share of income in associates and joint ventures	2,303		2,137	
Financial income	107		94	
Other revenue	2		-	
Total value added to be distributed	2,744		2,551	
Distribution of value added	2,744	100.00%	2,551	100.00%
Personnel	198	7.22%	201	7.88%
Compensation	159		161	
Benefits	29		29	
FGTS – Government severance pay fund	10		11	
Taxes, fees and contributions	498	18.15%	276	10.82%
Federal	487		214	
State	5		56	
Municipal	6		6	
Return on third parties' assets	132	4.81%	125	4.90%
Interest	131		125	
Other Expenses	1		-	
Return on own assets	1,916	69.82%	1,949	76.40%
Dividends and interest on capital paid/provided for	517		532	
Retained earnings for the period	1,404		1,436	
Non-controlling interests in retained earnings	(5)		(19)	

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**Individual Balance Sheet***(In millions of reais)*

ASSETS	NOTE	03/31/2017	12/31/2016
Cash and cash equivalents		1,026	666
Financial assets held for trading		437	310
Other financial assets		543	1,040
Dividends and interest on capital		508	1,006
Escrow deposits as guarantees of contingencies		35	34
Investments in subsidiaries, associates and joint ventures	8 lc	46,883	47,138
Fixed assets, net		85	85
Intangible assets, net		460	460
Tax assets		902	1,168
Income tax and social contribution - current		235	483
Income tax and social contribution - deferred		665	683
Other		2	2
Other assets		5	6
TOTAL ASSETS		50,341	50,873

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	03/31/2017	12/31/2016
Liabilities			
Dividends and interest on capital		1,410	2,028
Provision		948	821
Tax liabilities		161	290
Income tax and social contribution - deferred		12	4
Other		149	286
Other liabilities		3	5
Advance for future capital increase		15	-
Total Liabilities		2,537	3,144
Stockholders' Equity			
Capital	15a	36,405	36,405
Treasury shares		-	(204)
Reserves	15c	12,768	13,077
Carrying value adjustments		(1,369)	(1,549)
Total Stockholders' Equity		47,804	47,729
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		50,341	50,873

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**Individual Statement of Income***(In millions of reais, except per share information)*

	NOTE	01/01 to 03/31/2017	01/01 to 03/31/2016
Financial results		21	19
Other (losses)/gains, net		3	4
General and administrative expenses		(11)	(11)
Tax expenses		(220)	(124)
Share of income in subsidiaries, associates and joint ventures	8 l c	2,296	2,098
Income before income tax and social contribution		2,089	1,986
Current income tax and social contribution		(142)	(67)
Deferred income tax and social contribution		(26)	49
Net income		1,921	1,968
Earnings per share - basic and diluted	21		
Common		0.26	0.26
Preferred		0.26	0.26
Weighted average number of shares outstanding – basic and diluted			
Common		2,828,112,054	2,854,931,054
Preferred		4,575,176,570	4,575,176,570

*The accompanying notes are an integral part of these financial statements.***ITAÚSA - INVESTIMENTOS ITAÚ S.A.****Individual Statement of Comprehensive Income***(In millions of reais)*

	01/01 to 03/31/2017	01/01 to 03/31/2016
Net income	1,921	1,968
Other comprehensive income	180	(286)
Amounts that will subsequently be reclassified to results	204	(283)
Interest in associates and jointly controlled entities, net of tax	203	(278)
Available-for-sale financial assets, hedges and foreign exchange variations on investments abroad	203	(278)
Interest in subsidiaries, net of tax	1	(5)
Foreign exchange variation on investments abroad	1	(5)
Amounts that will not be subsequently reclassified to results	(24)	(3)
Interests in associates and jointly controlled entities, net of tax	(24)	(3)
Remeasurement of post-employment benefit obligations	(24)	(3)
Total comprehensive income	2,101	1,682

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Statement of Changes in Stockholders' Equity (Note 15)
(In millions of reais)

	Attributable to owners of the parent company							Total stockholders' equity		
	Capital	Treasury shares	Appropriated reserves / Capital and revenue	Unappropriated reserves	Proposal for distribution of additional dividends	Retained earnings / (accumulated deficit)	Other comprehensive income	Owners of the parent company	Non-controlling interests	Total
Balance at 01/01/2016	32,325	(33)	7,233	5,390	718	-	(786)	44,847	3,024	47,871
Transactions with owners	-	-	-	-	(718)	(532)	-	(1,250)	(78)	(1,328)
Change in non-controlling interests	-	-	-	-	-	-	-	-	(78)	(78)
Dividends and interest on capital	-	-	-	-	-	(532)	-	(532)	-	(532)
Dividend amount in addition to the minimum mandatory dividend for prior years	-	-	-	-	(718)	-	-	(718)	-	(718)
Transactions with subsidiaries and jointly controlled companies	-	-	(173)	-	-	-	-	(173)	-	(173)
Total comprehensive income	-	-	-	-	-	1,968	(286)	1,682	(19)	1,663
Net income	-	-	-	-	-	1,968	-	1,968	(19)	1,949
Other comprehensive income	-	-	-	-	-	-	(286)	(286)	-	(286)
Appropriations:										
Legal reserve	-	-	98	-	-	(98)	-	-	-	-
Unappropriated-reserves	-	-	-	1,338	-	(1,338)	-	-	-	-
Balance at 03/31/2016	32,325	(33)	7,158	6,728	-	-	(1,072)	45,106	2,927	48,033
Change in the period	-	-	(75)	1,338	(718)	-	(286)	259	(97)	162
Balance at 01/01/2017	36,405	(204)	8,350	3,485	1,242	-	(1,549)	47,729	2,950	50,679
Transactions with owners	-	204	(204)	-	(1,242)	(517)	-	(1,759)	5	(1,754)
Cancellation of treasury stock	-	204	(204)	-	-	-	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	5	5
Dividends and interest on capital	-	-	-	-	-	(517)	-	(517)	-	(517)
Dividend amount in addition to the minimum mandatory dividend for prior years	-	-	-	-	(1,242)	-	-	(1,242)	-	(1,242)
Transactions with subsidiaries and jointly controlled companies	-	-	(267)	-	-	-	-	(267)	-	(267)
Total comprehensive income	-	-	-	-	-	1,921	180	2,101	(5)	2,096
Net income	-	-	-	-	-	1,921	-	1,921	(5)	1,916
Other comprehensive income	-	-	-	-	-	-	180	180	-	180
Appropriations:										
Legal reserve	-	-	96	-	-	(96)	-	-	-	-
Unappropriated-reserves	-	-	-	1,308	-	(1,308)	-	-	-	-
Balance at 03/31/2017	36,405	-	7,975	4,793	-	-	(1,369)	47,804	2,950	50,754
Change in the period	-	204	(375)	1,308	(1,242)	-	180	75	-	75

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**Individual Statement of Cash Flows***(In millions of reais)*

	01/01 to 03/31/2017	01/01 to 03/31/2016
Cash flow from operating activities		
Adjusted net income	(231)	(107)
Net income	1,921	1,968
Adjustments to net income:	(2,152)	(2,075)
Share of income in subsidiaries, associates and joint ventures	(2,296)	(2,098)
Deferred income tax and social contribution	26	(49)
Contingent liabilities	107	58
Interest and monetary variations, net	10	13
Depreciation and amortization	1	1
Changes in assets and liabilities	125	124
Increase in financial assets	(127)	(3)
Decrease in other assets	531	241
Decrease in provision and other liabilities	(279)	(114)
Net cash (used) from operating activities	(106)	17
Cash flow from investment activities		
Sale of investments	2	-
Purchases of fixed assets and intangible	-	(2)
Interest on capital and dividends received	2,678	1,802
Net cash from investing activities	2,680	1,800
Cash flow from financing activities		
Advance for future capital increase	15	-
Interest on capital and dividends paid	(2,229)	(1,974)
Net cash used in financing activities	(2,214)	(1,974)
Net increase (decrease) in cash and cash equivalents	360	(157)
Cash and cash equivalents at the beginning of the exercise	666	802
Cash and cash equivalents at the end of the exercise	1,026	645

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**Individual Statement of Value Added***(In millions of reais)*

	01/01 to 03/31/2017	%	01/01 to 03/31/2016	%
Inputs purchased from third parties	(8)		(8)	
Third-party services	(6)		(5)	
Other	(2)		(3)	
Agreement for apportionment of shared costs	-		(1)	
Other	(2)		(2)	
Gross value added	(8)		(8)	
Depreciation and amortization	(1)		(1)	
Net added value produced by the company	(9)		(9)	
Added value received through transfers	2,340		2,142	
Share of income in subsidiaries, associates and joint ventures	2,296		2,098	
Financial income	41		40	
Other income	3		4	
Total value added to be distributed	2,331		2,133	
Distribution of value added	2,331	100.00%	2,133	100.00%
Personnel - compensation	2	0.09%	2	0.10%
Taxes, fees and contributions - federal	388	16.65%	142	6.66%
Return on third parties' assets - interest	20	0.86%	21	0.98%
Return on own assets	1,921	82.40%	1,968	92.26%
Dividends and interest on capital	517		532	
Retained earnings for the period	1,404		1,436	

† The accompanying notes are an integral part of these financial statements.

ITAÚSA – INVESTIMENTOS ITAÚ S.A
Notes to the Financial Statements
at March 31, 2017

(In millions of Reais, except as otherwise disclosed)

NOTE 1 – OVERVIEW

Itaúsa – Investimentos Itaú S.A. (“ITAÚSA”) is a publicly held company, organized and existing under the laws of Brazil, and is located at Praça Alfredo Egydio de Souza Aranha, No. 100, Jabaquara, Torre Olavo Setubal, in the city of São Paulo, SP, Brazil.

ITAÚSA has as its main objective supporting the companies in which it holds equity interests, through studies, analyses and suggestions regarding operating policy; projects for the expansion of the companies mentioned; obtaining resources to meet the related additional needs for risk capital through the subscription or acquisition of securities issued, to strengthen their position in the capital market and carry out related activities or subsidiaries of interest to the companies mentioned, except for those restricted to financial institutions.

Through its controlled and jointly-controlled companies, ITAÚSA operates in the following markets: financial services (Itaú Unibanco Holding); wood panels, bathroom porcelains, metals and electronic showers (Duratex); information technology (Itautec); and chemical products (Elekeiroz) – as shown in Note 24 “Segment Information”.

ITAÚSA is a holding company controlled by the Egydio de Souza Aranha family which holds 62.02% of the common shares and 16.93% of the preferred shares, making 34.16% of the total.

The Fiscal Council is the body responsible for overseeing the preparation of ITAÚSA’s Individual and Consolidated Financial Statements.

These interim individual and consolidated financial statements were approved by the ITAÚSA Board of Directors on May 4, 2017.

NOTE 2 – ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these individual and consolidated financial statements are set out below.

2.1 BASIS OF PREPARATION

Consolidated financial statements

The consolidated financial statements of Itaúsa and its subsidiaries (ITAÚSA CONSOLIDATED) were prepared and are being presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (“CPC”), as well as the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), and contain all the information relevant to the financial statements, which is consistent with that used by board in its management.

Individual financial statements

The individual financial statements of the parent were prepared in accordance with the Brazilian accounting practices issued by the CPC and are published together with the consolidated financial statements and contain all the information relevant to the financial statements, which is consistent with that used by board in its management.

The preparation of financial statements requires the Company’s management (“Management”) to use certain critical accounting estimates and to exercise judgment in the process of applying the accounting policies of ITAÚSA and its subsidiaries. The areas that require a higher degree of judgment and have greater complexity, as well as those in which assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2.3.

The presentation of the individual and consolidated statements of value added is required by Brazilian corporate legislation and the accounting practices adopted in Brazil applicable to publicly held companies, while IFRS does not require the presentation of such statements. As a consequence, under IFRS, the statement of value added is presented as supplementary information, without prejudice to the set of financial statements.

All references to the pronouncements of the CPC should also be understood as references to the corresponding IFRS pronouncements, and vice versa, and it should be noted that, in general, the early adoption of revisions or new IFRS is not possible in Brazil.

2.2 NEW PRONOUNCEMENTS, CHANGES TO AND INTERPRETATIONS OF EXISTING PRONOUNCEMENTS

a) Amendments to accounting pronouncements applicable to period ended March 31, 2017

- There were no amendments to accounting pronouncements applicable for the period ended March 31, 2017

b) Accounting pronouncements recently issued and applicable to future periods

The following pronouncements will be applicable for periods after the date of these consolidated financial statements and have not been adopted early:

- IFRS 9 – Financial Instruments – this standard is aimed at replacing IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 applies to financial instruments and will be adopted retrospectively at its effective date on January 1, 2018. This new standard is structured to cover the pillars (I) classification and measurement of financial assets, (II) impairment, and (III) hedge accounting. Among a number of amendments, we believe that the items below may have the most significant impacts:
 - Classification and measurement of financial assets: the classification of financial assets should depend on two criteria: the entity’s business model for managing its financial assets and the characteristics of the contractual cash flow of financial assets;
 - Impairment: The new standard introduced the expected loss approach and classification into three phases;
 - Hedge accounting: The hedge accounting requirements are directly related to risk management and should be applied on a prospective basis.

IFRS 9 is in process of implementation by Itaúsa and its subsidiaries and joint ventures, and an evaluation of the possible impacts resulting from the adoption of this standard has been conducted and will be completed through its effective date. It should be noted that the adoption of the expected loss in relation to the incurred loss approach is likely to require an increase in the allowance for loan and lease losses, since the recognition of losses will be anticipated.

- IFRS 15 – Revenue from Contracts with Customers– This pronouncement replaces IAS 18 and IAS 11, as well as the interpretations related thereto (IFRICs 13, 15 and 18). It requires that revenue is recognized in a way that shows the transfer of assets or services to the customer for an amount that reflects the company’s expectation of having in consideration the rights to these assets or services. This standard is effective for annual periods beginning on January 1, 2018. No material impacts arising from the adoption of this standard has been identified for the financial statements of ITAÚSA.
- Amendments to IFRS 10 – “Consolidated Financial Statements” and IAS 28 – “Investments in Associates and Joint Ventures”. These amendments relate to an inconsistency between the requirements of IFRS 10 and IAS 28 (2011) regarding the sale or contribution of assets between an investor and its associates or joint ventures. The effective date has not been defined by the IASB yet. No material impacts arising from this change on the financial statements of the ITAÚSA were identified.
- IFRS 16 – “Leases” – The pronouncement replaces IAS 17 - Leases, and related interpretations (IFRIC 4, SIC 15 and SIC 27). It eliminates the accounting for operating lease agreements for the lessee, presenting only one lease model, that consists of: (a) recognizing leases which terms exceeds 12 months and with substantial amounts; (b) initially recognizing lease in assets and liabilities at present value; and (c) recognizing depreciation and interest from lease separately in the result. For the lessor, accounting will continue to be segregated between operating and financial lease. Effective for annual periods beginning on January 1, 2019. Possible impacts arising from the adoption of this standard are being assessed and will be completed by the date this standard is effective.

There are no other IFRS standards or IFRIC interpretations that have not yet come into force and that could have a significant impact on the ITAÚSA and its subsidiaries.

2.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the individual and consolidated financial statements in compliance with the CPCs requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenue, expenses, gains and losses over the reporting and subsequent periods, because actual results may differ from those determined in accordance with these estimates and assumptions.

All estimates and assumptions made by Management are in compliance with the CPCs and represent the current best estimates made in compliance with the applicable rules. Estimates and judgments are evaluated on an ongoing basis, considering past experience and other factors.

The financial statements reflect a variety of estimates and assumptions. The critical accounting estimates and assumptions that have the most significant impact on the carrying amounts of assets and liabilities are described below:

a) Deferred income tax and social contribution

As explained in Note 2.4m, deferred tax assets are recognized only in relation to temporary differences and losses carried-forward to the extent that it is probable that ITAÚSA and its subsidiaries will generate future taxable profits for their utilization. The expected realization of the deferred tax assets of ITAÚSA and its subsidiaries is based on the projection of future income and other technical studies, as disclosed in Note 12. The carrying amount of deferred tax assets was R\$ 938 at March 31, 2017 (R\$ 961 at December 31, 2016).

b) Fair value of financial instruments, including derivatives

The fair value of financial instruments, including derivatives, is determined using valuation techniques. This calculation is based on assumptions that take into consideration Management’s judgment regarding market information and conditions existing as at the balance sheet date.

ITAÚSA and its subsidiaries rank the fair value measurements using a fair value hierarchy that reflects the significance and observable nature of inputs adopted as part of the measurement process. There are three broad levels related to the fair value hierarchy, detailed in Note 26.

ITAÚSA and its subsidiaries believe that all of the methodologies they have adopted are appropriate and consistent with those used by other market participants. Regardless of this fact, the adoption of other methodologies or the use of different assumptions to estimate fair values may result in different fair value estimates.

The methodologies used to estimate the fair value of certain financial instruments are also described in Note 26.

c) Provisions, contingent assets and liabilities

ITAÚSA and its subsidiaries periodically review their contingencies. These contingencies are evaluated based on Management's best estimates, taking into account the opinion of legal counsel, when there is a likelihood that financial resources will be required to settle the obligations and the amounts may be reasonably estimated.

Contingencies classified as probable losses are recognized in the balance sheet under "Provision."

Contingent amounts are measured using appropriate models and criteria, despite uncertainty surrounding the ultimate timing and amounts, as detailed in Note 14.

The carrying amount of these contingencies at March 31, 2017 was R\$ 1,170 (R\$ 1,041 at December 31, 2016).

d) Risk of variations in the fair value of biological assets

ITAÚSA and its subsidiaries use several estimates to value their forestry reserves, in accordance with the methodology established by CPC 29/IAS 41 – "Agriculture". These estimates are based on market references, and are subject to changes that could impact on the consolidated financial information. Specifically, a 5% reduction in standing wood prices would result in a reduction in the fair value of biological assets to R\$ 50, net of tax effects. If the discount rate used were increased by 0.5%, this would result in a reduction in the fair value of biological assets of about R\$ 10, net of tax effects.

The methodologies used to estimate the fair value of biological assets are also described in Note 11.

e) Benefits of pension plans

The current value of assets related to pension plans depends on a number of factors that are determined based on actuarial calculations, which use several assumptions (Note 23b). Among the assumptions adopted to calculate these amounts are assumptions regarding the discount rate and the current market conditions. Any changes in these assumptions will affect the corresponding book values.

f) Estimated impairment of goodwill

ITAÚSA and its subsidiaries test goodwill on an annual basis or if there is an indication that the goodwill may be impaired, in compliance with the accounting policy presented in Note 2.4j. The balance could be impacted on by changes in the economic or market scenario.

2.4 SUMMARY OF MAIN ACCOUNTING PRACTICES

a) Consolidation and equity method

I. Subsidiaries

In compliance with CPC 36 / IAS 27 – "Consolidated Financial Statements", subsidiaries are entities over which ITAÚSA holds control. ITAÚSA controls an entity when it is exposed to, or is entitled to, variable returns arising from its involvement with that entity and it is capable of influencing these returns.

The table below shows the fully consolidated subsidiaries and joint ventures that are accounted for under the equity method.

	Incorporation country	Activity	Interest in capital at 03/31/2017	Interest in capital at 12/31/2016
Joint ventures				
IUPAR - Itaú Unibanco Participações S.A.	Brazil	Holding company	66.53%	66.53%
Itaú Unibanco Holding S.A.	Brazil	Holding company/Financial institution	37.29%	37.36%
Full consolidation				
Duratex S.A.	Brazil	Wood and bathroom porcelain and metals	35.52%	35.53%
Elekeiroz S.A.	Brazil	Chemical products	96.60%	96.60%
Itaúsa Empreendimentos S.A.	Brazil	Service	100.00%	100.00%
Itautec S.A.	Brazil	Information technology	98.93%	97.80%
ITH Zux Cayman Ltd.	Cayman Islands	Holding	100.00%	100.00%
RT Diamond Multimercado Crédito Privado Fundo de Investimento	Brazil	Exclusive investment fund	100.00%	100.00%

II. Business combinations

Accounting for business combinations under CPC 15 / IFRS 3 – “Business Combinations” is applicable when a business is acquired. Under CPC 15 / IFRS 3, a business is defined as an integrated set of activities and assets that is conducted and managed for the purpose of providing a return to investors, or cost reduction or other economic benefits. In general, a business consists of an integrated set of activities and assets that may be conducted and managed so as to provide a direct return, as dividends, lower costs or other economic benefits, to investors or other stockholders, members or participants. If there is goodwill inherent in a set of activities or transferred assets, this is presumed to be a business. For acquisitions that meet the definition of businesses, accounting under the acquisitions method is required.

The acquisition cost is measured at the fair value of the assets delivered, equity instruments issued and liabilities incurred or assumed at the exchange date, plus costs directly attributable to the acquisition. Acquired assets and assumed liabilities and contingent liabilities identifiable in a business combination are initially measured at their fair value at the acquisition date, regardless of the existence of non-controlling interests. The excess of the acquisition cost over the fair value of identifiable net assets acquired is accounted for as goodwill.

The treatment of goodwill is described in Note 2.4 j. If the acquisition cost is lower than the fair value of the identifiable net assets acquired, the difference is recognized directly in income.

For each business combination, the acquirer should measure any non-controlling interest in the acquired company at the fair value or at an amount proportional to its interest in net assets of the acquired company.

III. Transactions with non-controlling interests

CPC 36 / IAS 27 – “Consolidated Financial Statements” establishes that changes in ownership interests in a subsidiary, that do not result in a change of control are accounted for as capital transactions and any difference between the amount paid and the carrying value of the stake held by non-controlling stockholders is recognized directly in consolidated stockholders' equity.

b) FOREIGN CURRENCY TRANSLATION

I. Functional and presentation currency

The consolidated financial statements of ITAÚSA and its subsidiaries are presented in Brazilian reais. The real is the functional currency of ITAÚSA and its subsidiaries, and the presentation currency of these consolidated financial statements. For each investment held, ITAÚSA and its subsidiaries have defined the functional currency, according to CPC 02 / IAS 21 – “The Effects of Changes in Foreign Exchange Rates and the Translation of Financial statements”.

The assets and liabilities of subsidiaries with a functional currency other than the Brazilian real are translated as follows:

- Assets and liabilities are translated at the closing rate at the balance sheet date;
- Income and expenses are translated at monthly average exchange rates;
- Exchange differences arising from translation are recorded in “Cumulative comprehensive income”.

II. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated Statement of Income under “financial result”.

For financial assets classified as available for sale, the exchange differences resulting from a change in the amortized cost of the instrument are recognized in the income statement, while those resulting from other changes in the carrying amount, except impairment losses, are recognized in Other comprehensive income until derecognition or impairment.

c) CASH AND CASH EQUIVALENTS

ITAÚSA and its subsidiaries defines “cash and cash equivalents” as cash and current accounts in banks (included under the heading “Cash and deposits on demand”), securities and financial assets that have original maturities equal to or less than 90 days, as shown in Note 3.

d) FINANCIAL ASSETS

I. Classification

ITAÚSA and its subsidiaries classifies its financial assets, upon initial recognition, depending on the purpose for which they are acquired. The classifications used are: designated at fair value through profit or loss, held-to-maturity, loans and receivables and available-for-sale financial assets.

(a) Financial assets designated at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading.

A financial asset is classified in this category if it is acquired particularly to be sold in the short term. Assets in this category are classified as current assets.

(b) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that an entity has the positive intention and ability to hold to maturity, other than those that the entity designates upon initial recognition as being at fair value through profit or loss.

(c) Loans and receivables

These are non-derivative financial assets that are not quoted in an active market and that have either fixed or determinable payments. Financial assets recognized by ITAÚSA and its subsidiaries in this category of financial instruments are mainly: cash and cash equivalents, trade accounts receivable and securities.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets, which are designated in this category or which are not classified in any of the previous categories.

I. Recognition and measurement

Purchases and sales of financial assets are usually recognized as at the trade date. Investments are initially recognized at fair value plus transaction costs for all financial assets not classified at fair value through profit or loss. Financial assets are written off when the rights to receive cash flow have expired or have been transferred, in the latter case provided that ITAÚSA and its subsidiaries have substantially transferred all of the risks and benefits of the property. The available-for-sale financial assets are subsequently accounted for at fair value. Loans and receivables are accounted for at amortized cost, based on the effective interest rate method.

Exchange variations on non-monetary financial assets and liabilities, such as investments in shares classified as available for sale, are recognized in the "Other comprehensive income" account, under stockholders' equity.

When securities classified as available for sale are sold or impaired, accumulated adjustments to the fair value recognized in equity are included in the statement of income as "Financial Result".

Dividends from available-for-sale financial assets, such as investments in shares, are recognized in the statement of income as part of other revenue, when ITAÚSA and its subsidiaries right to receive dividends has been established.

The fair values of investments with public quotations are based on current purchase prices. If the market for a financial asset (and securities not listed on a stock exchange) is not active, ITAÚSA and its subsidiaries establish the fair value based on valuation techniques. These techniques include the use of transactions recently carried out with third parties, reference to other instruments that are substantially similar, discounted cash flow analysis and option pricing models that make the greatest possible use of information generated by the market and that rely to the least extent possible on information generated by the company's Management itself.

II. Offsetting of financial instruments

Financial assets and liabilities are offset against each other and the net amount is reported in the balance sheet solely when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle them or to realize the asset and simultaneously settle the liability.

III. Impairment of financial assets

(i) Assets measured at amortized cost

ITAÚSA and its subsidiaries assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of assets (a "loss event") and that loss event (or events) impact(s) on the estimated future cash flow of a financial asset or group of financial assets that may be reliably estimated.

The criteria adopted by ITAÚSA to determine whether there is objective evidence of impairment loss include:

- (i) Significant financial difficulty of the issuer or debtor;
- (ii) A breach of contract, such as default or late payment of interest or principal;
- (iii) Granting by the group, for economic or legal reasons related to the debtor's financial difficulty, of concessions to a borrower that a creditor would not usually consider;
- (iv) Probability that the debtor will file for bankruptcy or other financial reorganization;
- (v) The disappearance of an active market for that financial asset due to financial difficulties; or
- (vi) Indications from observable data that there is a measurable reduction in estimated future cash flow based on a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- Adverse changes in the payment condition of the debtors in the portfolio;
- National or local economic conditions that are correlated with default on the assets in the portfolio.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow (excluding future credit losses that have not been incurred) discounted at the original effective interest rate of the financial assets. The book value of the asset is reduced and the loss amount is recognized in the statement of income. If an account receivable or an investment held to maturity has a variable interest rate, the discount rate used to measure an impairment loss is the effective interest rate established in accordance with the agreement. In practice, ITAÚSA and its subsidiaries may measure impairment based on the fair value of an instrument using an observable market price.

If, in a subsequent period, the impairment loss amount decreases and the reduction is objectively related to an event that has taken place after the impairment is recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized loss will be recognized in the statement of income.

(ii) Assets classified as available-for-sale

ITAÚSA and its subsidiaries assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. For debt bonds, Itaúsa and its subsidiaries adopt the criteria mentioned in (I) above.

For investments in securities classified as available-for-sale, a significant or long-lasting decrease in the fair value of the security below its cost is evidence that the asset is impaired. Should there be any evidence of this type for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial asset previously recognized in income (loss) – will be excluded from equity and recognized in the income statement.

If, in a subsequent period, the impairment loss amount decreases and the reduction is objectively related to an event that has taken place after the impairment is recognized, the reversal of this loss will be recognized in the income statement.

e) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognized at fair value on the date when the derivative agreement is entered into, and are subsequently remeasured at fair value through the results.

Derivatives are contracted as a form of financial risk management, and the ITAÚSA policy is not to enter into leveraged derivative transactions.

Although the Company does not have a hedge accounting policy, it has designated certain debts at fair value through profit or loss, because of the existence of derivative financial assets directly related to loans, as a means of avoiding the recognition of gains and losses in different periods.

f) TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are recorded and maintained at the nominal value of the amounts obtained on sales of products, plus exchange variations, where applicable. Trade accounts receivable substantially relate to short-term operations and are, therefore, not discounted to present value as no significant adjustment would arise therefrom. The provision for doubtful receivables (allowance for doubtful accounts or impairment) is constituted based on the analysis of risks regarding the realization of the credits receivable, in amounts considered sufficient by management to cover potential losses on the realization of these assets.

Recoveries of written-off items are credited to "Other operating income", in the statement of income.

g) INVENTORY

Inventories are stated at the average cost of purchase or production, lower than replacement cost or net realizable value, whichever is lower. Imports in transit are stated at the cost of each import.

The cost of finished goods and products in progress comprises raw materials, direct labor, and other direct costs, and the respective direct production costs (based on normal capacity).

The net realizable value is the selling price estimated in the ordinary course of business, less the estimated selling completion and disposal costs.

h) INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

I. Associates

In conformity with IAS 28 - Investments in Associates and Joint Ventures, associates are companies in which the investor has a significant influence but does not hold control. Investments in these companies are initially recognized at cost of acquisition and subsequently accounted for using the equity method. Investments in associates and joint ventures include the goodwill identified upon acquisition, net of any cumulative impairment loss.

II. Joint ventures

In accordance with CPC 19 / IAS 31 – "Investments in Joint Businesses", investments in joint businesses are classified as joint operations or joint ventures.

The classification depends on the contractual rights and obligations held by each investor, rather than the legal structure of the joint business.

The share of ITAÚSA and its subsidiaries, in the profits or losses of their unconsolidated companies after acquisition is recognized in the consolidated statement of income. The share of changes in the reserves of corresponding stockholders' equity of their unconsolidated companies is recognized in their own reserves in stockholders' equity. The cumulative changes after acquisition are adjusted against the carrying amount of the investment. When the share of ITAÚSA and its subsidiaries in the losses of an unconsolidated company is equal to or above their interest in the unconsolidated company, including any other receivables, ITAÚSA and its subsidiaries do not recognize additional losses, unless they have incurred any obligations or made payments on behalf of the unconsolidated company.

Unrealized gains on transactions between ITAÚSA and its subsidiaries and its unconsolidated companies are eliminated to the extent of the interest of ITAÚSA and its subsidiaries. Unrealized losses are also eliminated, unless the transaction provides evidence of the impairment of the asset transferred. The accounting policies of unconsolidated companies have been changed, when necessary, to ensure consistency with the policies adopted by ITAÚSA and its subsidiaries.

If the interest in the unconsolidated company decreases, but ITAÚSA and its subsidiaries retains significant influence, only the proportional amount of the previously recognized amounts in "Other comprehensive income" is reclassified in joint control income, when appropriate.

Gains and losses from dilution arising from investments in unconsolidated companies are recognized in the consolidated statement of income under "Share of income in associates and joint ventures".

i) FIXED ASSETS

In accordance with CPC 27 / IAS 16 – “Property, Plant and Equipment”, fixed assets are recognized at cost of acquisition less accumulated depreciation, which is calculated using the straight-line method and rates based on the estimated useful lives of these assets. These rates are presented in Note 9.

The residual values and useful lives of assets are reviewed and adjusted, if appropriate, at the end of each year.

ITAÚSA and its subsidiaries review their assets in order to identify whether any indication of impairment exists. If such indications are identified, fixed assets are tested for impairment. In accordance with CPC 01 / IAS 36 – “Impairment of Assets”, impairment losses are recognized at the amount for which the carrying amount of the asset (or group of assets) exceeds the recoverable amount, and they are recognized in the consolidated statement of income. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which independent cash flow can be identified (cash-generating units.). The assessment can be made at an individual asset level when the fair value less cost to sell can be determined reliably.

Gains and losses on disposals of fixed assets are recognized in the consolidated statement of income under “Other (losses)/gains, net”.

j) GOODWILL

In accordance with CPC 15 / IFRS 3 – “Business Combinations”, goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets and liabilities of the entity acquired at the date of acquisition. Goodwill is not amortized, but its recoverable amount is tested for impairment annually or when there is any indication of impairment, using an approach that involves the identification of cash-generating units and estimates of fair value less cost to sell and/or value in use.

As defined in CPC 01 / IAS 36 – “Impairment of Assets”, a cash-generating unit is the lowest identifiable group of assets that generates cash flow that is independent of the cash inflows from other assets or groups of assets. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination.

CPC 01 / IAS 36 determines that an impairment loss shall be recognized for a cash-generating unit if the recoverable amount of the cash-generating unit is less than its carrying amount. The loss shall be allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit on a pro rata basis applied to the carrying amount of each asset. The loss cannot reduce the carrying amount of an asset below the higher of its fair value less costs to sell or its value in use. The impairment losses on goodwill cannot be reversed.

The goodwill of unconsolidated companies is reported as part of the investments in the consolidated balance sheet under “Investments in associates and joint ventures”, and the impairment testing is carried out in relation to the total balance of the investments (including goodwill).

k) INTANGIBLE ASSETS – OTHER INTANGIBLE ASSETS

Intangible assets are non-physical assets, including software and other assets, and are initially recognized at cost. Intangible assets are recognized when they arise from legal or contractual rights, their costs can be reliably measured, and if, in the case of intangible assets not arising from separate acquisitions or business combinations, it is probable that future economic benefits will arise from their use. The balance of intangible assets relates to assets acquired or internally generated.

Intangible assets may have finite or indefinite useful lives. Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives. Intangible assets with indefinite useful lives are not amortized, but are tested annually in order to identify any indication of impairment.

ITAÚSA and its subsidiaries assess their intangible assets annually in order to identify whether any indications of impairment exist, as well as the possible reversal of previous impairment losses. If any such indications are found, intangible assets are tested for impairment. In accordance with CPC 01 / IAS 36, impairment losses are recognized as the difference between the carrying and recoverable amount of an asset (or group of assets) in the consolidated statement of income. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell or its value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which cash flow can be separately identified (the cash-generating unit level). The assessment can be made at an individual asset level when the fair value less cost to sell can be determined reliably.

As provided for in CPC 4 / IAS 38 – “Intangible Assets”, ITAÚSA and its subsidiaries have chosen the cost model to measure their intangible assets after their initial recognition.

I) BIOLOGICAL ASSETS

Forest reserves are recognized at their fair value, less estimated costs to sell at harvest time, in accordance with Note 11. For immature plantations (up to one year of life), their cost is considered to be close to their fair value. Gains and losses arising from the recognition of a biological asset at its fair value, less costs to sell, are recognized in the statement of income. The depletion appropriated in the statement of income is formed by the portion of the formation cost and the portion related to the difference of the fair value.

Formation costs of these assets are recognized in income as incurred. The effects of the change in the fair value of the biological asset are stated at a separate account in the income statement.

m) INCOME TAX AND SOCIAL CONTRIBUTION

There are two components of the provision for income tax and social contribution: current and deferred.

The current income tax expense approximates the taxes to be paid or recovered for the applicable period. Current assets and liabilities are recorded in the balance sheet under “Tax assets – income tax and social contribution - current” and “Tax liabilities – income tax and social contribution - current”, respectively.

The deferred income tax and social contribution represent deferred tax assets and liabilities, and are based on the differences between the tax bases of assets and liabilities and the amounts reported in the financial statements at each year-end. Deferred tax assets, including those arising from tax losses, are only recognized when it is probable that future taxable income will be available for offsetting. Deferred tax assets and liabilities are recognized in the balance sheet under “Tax assets – income tax and social contribution – deferred” and “Tax liabilities – income tax and social contribution – deferred”, respectively.

Income tax and social contribution expenses are recognized in the consolidated statement of income under “Income tax and social contribution”, except when they relate to items directly recognized in “Cumulative comprehensive income”, such as: deferred tax on the fair value measurement of available-for-sale financial assets, and tax on cash flow hedges. Deferred taxes on such items are initially recognized in “Cumulative comprehensive income” and subsequently recognized in “Income” together with the recognition of the gain/loss originally deferred.

Changes in tax legislation and tax rates are recognized in the consolidated statement of income under “Income tax and social contribution” in the period in which they are enacted. Interest and fines are recognized in the consolidated statement of income under “General and administrative expenses”. Income tax and social contribution are calculated at the rates shown below, considering the respective taxable bases, based on the current legislation related to each tax, which, in the case of the operations in Brazil, are equal for all the reporting periods as follows:

Income tax	15%
Additional income tax	10%
Social contribution	9%

In order to determine the proper level of provision for taxes to be maintained for uncertain tax positions, a two-phase approach has been applied, according to which a tax benefit is recognized if it is more probable than not that a position can be sustained. The benefit amount is then measured as the highest tax benefit when its probability of realization is over 50%.

n) EMPLOYEE BENEFITS

Pension plans – defined contribution

The subsidiaries of ITAÚSA offer a defined contribution plan to all employees, managed by Fundação Itaúsa Industrial. The plan regulations provide for contributions by sponsors that range from 50% to 100% of the amount contributed by the employees. ITAÚSA and its subsidiaries have offered this defined contribution plan to their employees in the past, but this plan is being extinguished and no new participants can be enrolled.

Regarding the defined contribution plan, there is no additional payment obligation after the contribution is made. Contributions are recognized as expenses for employee benefits, when due. Contributions made in advance are recognized as an asset in the proportion in which these contributions cause an effective reduction in future payments.

o) STOCK-BASED COMPENSATION

Stock-based compensation is accounted for in accordance with CPC 10 / IFRS 2 – “Share Based Payment”, which requires an entity to measure the value of equity instruments granted, based on their fair value as at the grant dates of the options. This cost is recognized during the vesting period of the right to exercise the instruments.

The total amount to be expensed is determined with reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (notably an employee remaining with the entity over a specified time period). The fulfillment of non-market vesting conditions is included among the assumptions regarding the number of options that are expected to be exercised. At the end of each period the entity revises its estimates regarding the number of options that are expected to be exercised based on non-market vesting conditions. It recognizes the impact of revision to the original estimates, if any, in the statement of income, with a corresponding adjustment to the stockholders' equity.

When the options are exercised, the subsidiaries generally deliver treasury shares to the beneficiaries.

The fair value of stock options is estimated using option pricing models that take into account the exercise price of the option, the current stock price, the risk-free interest rate, the expected volatility of the stock price and the life-span of the option.

All stock-based compensation plans established by subsidiaries correspond to plans that can be settled exclusively through the delivery of shares – Note 16.

p) LOANS AND FINANCING

Borrowing is initially recognized at its fair value when funds are received, net of transaction costs, and subsequently stated at amortized cost – that is, with the addition of charges and interest proportional to the period that has elapsed (calculated on a pro rata basis), using the effective interest rate method, except for borrowing that is hedged by derivative instruments, which is stated at fair value.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, i.e. an asset in respect of which a substantial period of time is required to prepare it for its intended use or sale, are capitalized as part of the cost of the asset when it is probable that these costs will result in future economic benefits to the entity that can be reliably measured. Other borrowing costs are recognized as expenses in the year in which they are incurred.

q) CAPITAL AND TREASURY SHARES

Capital

Common and preferred shares are classified in stockholders' equity. The additional costs directly attributable to the issue of new shares are included in stockholders' equity as a deduction from the amount raised, net of taxes.

Treasury shares

Common and preferred shares that are repurchased are recorded in stockholders' equity under “Treasury shares” at their average purchase prices.

Treasury shares that are subsequently sold, such as those sold to grantees under ITAÚSA's stock option plan, are recorded as a reduction in “treasury shares”, measured at the average price of treasury stock held at that date.

The difference between the sale price and the average price of the treasury shares is recorded as a reduction or an increase in “Additional paid-in capital” depending upon the circumstances. The cancellation of treasury shares is recorded as a reduction in treasury shares against appropriated reserves, at the average price of the treasury shares at the cancellation date.

r) DIVIDENDS AND INTEREST ON CAPITAL

Pursuant to the Company's bylaws, the stockholders are entitled to a mandatory minimum dividend of 25% of the net income for the year, in the form of quarterly payments, adjusted in accordance with the legislation in force. Minimum dividend amounts established in the bylaws are recorded as liabilities at the end of each quarter. Any other amount above the mandatory minimum dividend is accounted for as a liability when it is approved by the stockholders at a Stockholder's Meeting. Since January 1, 1996, Brazilian companies have been permitted to apply a tax-deductible nominal interest rate charge on net equity (called interest on capital).

For accounting purposes interest on capital is treated as a dividend and is presented as a reduction of stockholders' equity in the financial statements. The related tax benefit is recorded in the statement of income.

s) EARNINGS PER SHARE

Earnings per share are computed by dividing the net income attributable to the owners of ITAÚSA by the weighted average number of common and preferred shares outstanding for each reporting period. The weighted average number of shares is computed based on the periods for which the shares were outstanding.

Earnings per share are presented based on the two types of stock issued by ITAÚSA. Both types, common and preferred, participate in dividends on substantially the same basis, except that preferred shares are entitled to a priority non-cumulative minimum annual dividend of R\$ 0.01 per share. Earnings per share are computed based on the distributed earnings (dividends and interest on capital) and undistributed earnings of ITAÚSA after giving effect to the preference indicated above, without regard to whether the earnings will ultimately be fully distributed. Earnings per share amounts have been determined as if all earnings had been distributed and computed following the requirements of CPC 41 / IAS 33 – “Earnings per Share”.

t) REVENUE

Sales revenue of products and services

Revenue from the sale of products is recognized in income at the time when all risks and benefits inherent in the product are transferred to the purchaser. Revenue is not recognized if there is a significant uncertainty regarding its realization.

u) SEGMENT INFORMATION

CPC 22 / IFRS 8 – “Segment Information” determines that operating segments must be disclosed consistently with the information provided to the chief operating decision-maker, who is the person or group of persons who allocates resources to the segments and assesses their performance. ITAÚSA considers that its Board of Directors is the chief operating decision-maker.

ITAÚSA has the following business segments: the Financial Area and the Industrial Area, subdivided into Duratex, Itaotec and Elekeiroz.

Segmental information is presented in Note 24.

NOTE 3 - CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statements of cash flow, cash and cash equivalents include the following items (amounts with original maturity terms that are equal to or less than 90 days):

	03/31/2017	12/31/2016
Cash and deposits on demand	64	50
Investments in fixed income and investment funds	360	319
Bank deposit certificates	1,157	1,399
Repurchase agreements	1,026	666
Total	2,607	2,434

We point out that in the period were no investment and financing transactions that not have affected cash or cash equivalents.

NOTE 4 - FINANCIAL ASSETS HELD FOR TRADING

	03/31/2017	12/31/2016
Subordinated financial bills	59	61
Financial treasury bills	378	249
Total	437	310

NOTE 5 - TRADE ACCOUNTS RECEIVABLE

Trade Accounts Receivable	03/31/2017	12/31/2016
Domestic customers	945	892
Foreign customers	101	105
Related parties	41	37
Impairment	(102)	(100)
Total	985	934

The balances of accounts receivable by maturity are as follows:

Maturities	03/31/2017	12/31/2016
Not yet due	916	897
Past-due up to 30 days	37	22
From 31 to 60 days	9	7
From 61 to 90 days	4	5
From 91 to 180 days	14	12
More than 180 days	107	91
Total	1,087	1,034

Below are the changes in the allowance for doubtful accounts:

	03/31/2017	12/31/2016
Opening balance	(100)	(59)
Constitution of provision	(5)	(49)
Reversal (income statement)	-	1
Write-offs	3	7
Closing Balance	(102)	(100)

NOTE 6 - OTHER ASSETS AND LIABILITIES

a) Other assets

	03/31/2017			12/31/2016		
	Current	Non-Current	Total	Current	Non-Current	Total
Other financial assets						
Deposits as guarantees for contingent liabilities	-	101	101	-	99	99
Dividends and interest on stockholders' equity receivable	508	-	508	1,004	-	1,004
Amounts receivable from the sale of fixed assets	33	36	69	31	37	68
Retirement plan assets (Note 23)	6	122	128	5	126	131
Government debt certificates	-	11	11	-	10	10
Acquisition escrow accounts	3	21	24	3	20	23
Forest incentives	-	13	13	-	14	14
Electricity sales	8	-	8	9	-	9
Amounts receivable Partnership Oki Electric Industry Co. Ltd.	-	3	3	55	-	55
Other amounts receivable	14	1	15	20	8	28
Total	572	308	880	1,127	314	1,441
Other non-financial assets						
Prepaid expenses	23	-	23	14	-	14
Investment property	-	27	27	-	28	28
Held-for-sale assets	-	20	20	-	20	20
Other	30	-	30	-	23	23
Total	53	47	100	14	71	85

b) Other liabilities

	03/31/2017			12/31/2016		
	Current	Non-Current	Total	Current	Non-Current	Total
Suppliers	302	-	302	246	-	246
Personnel provision	109	-	109	115	-	115
Partnerships in which some partners are passive (*)	31	94	125	38	94	132
Advances from customers	8	5	13	8	5	13
Acquisitions of companies	20	32	52	20	32	52
Freight and insurance payable	16	-	16	15	-	15
Commission payable	10	-	10	8	-	8
Acquisitions of reforestation areas	6	-	6	12	-	12
Product warranty and technical support	15	4	19	15	4	19
Commercial leasing	-	10	10	-	10	10
Liabilities provided with joint operation partner	-	23	23	-	22	22
Advance for future capital increase	15	-	15	-	-	-
Other	40	43	83	55	39	94
Total	572	211	783	532	206	738

(*) Refers to the value of the participation of third parties in the reforestation projects the group, to which the Duratex subsidiary Duratex Florestal has contributed forest assets, basically forest reserves and the equity holders have contributed in kind.

NOTE 7 – INVENTORY

	03/31/2017	12/31/2016
Raw materials, supplies and packaging	275	279
Finished products	367	391
Work in progress	116	121
Showrooms	122	121
Advances to suppliers	1	2
Allowance for inventory losses	(6)	(7)
Total	875	907

The cost of inventory recognized in results and included in “Cost of products and services” totaled R\$ 921 (R\$ 900 at March 31, 2016).

At March 31, 2017 and December 31, 2016, the subsidiaries of ITAÚSA did not have any inventory pledged as collateral.

NOTE 8 – INVESTMENTS

I) ITAÚSA

a) Subsidiaries and joint ventures stockholder' equity

Stockholders' equity	Joint Ventures		Subsidiaries				
	Itaú Unibanco Holding S.A.	IUPAR - Itaú Unibanco Participações S.A.	Duratex S.A.	Elekeiroz S.A.	Itautec S.A.	Itaúsa Empreend. S.A.	ITH Zux Cayman company Ltd.
Stockholders' equity at 01/01/2016							
Capital	85,148	12,430	1,868	322	272	262	47
Treasury shares	(4,353)	-	(28)	-	-	-	-
Carrying value adjustments	(1,290)	(557)	459	-	-	-	-
Reserves	31,014	16,384	2,233	133	-	43	-
Other	1,733	-	-	-	(195)	-	(45)
Balance at 01/01/2016	112,252	28,257	4,532	455	77	305	2
Changes from 01/01 to 03/31/2016	835	173	(55)	(16)	(12)	-	-
Net income	5,711	619	(31)	(16)	(12)	-	-
Treasury shares	97	-	-	-	-	-	-
Dividends and interest on capital	(3,841)	(130)	-	-	-	-	-
Other comprehensive income	(752)	(197)	(15)	-	-	-	-
Other	(380)	(119)	(9)	-	-	-	-
Stockholders' equity at 03/31/2016							
Capital	85,148	12,430	1,868	322	272	262	43
Treasury shares	(4,144)	-	(28)	-	-	-	-
Carrying value adjustments	(2,042)	(754)	444	-	-	-	-
Reserves	32,720	16,754	2,193	117	-	43	-
Other	1,405	-	-	-	(207)	-	(41)
Balance at 03/31/2016	113,087	28,430	4,477	439	65	305	2
Stockholders' equity at 01/01/2017							
Capital	97,148	12,430	1,962	322	272	262	45
Treasury shares	(1,882)	-	(28)	-	-	-	-
Carrying value adjustments	(3,274)	(1,078)	398	-	-	-	-
Reserves	28,805	19,586	2,238	8	-	48	-
Other	1,785	-	-	(219)	(216)	-	(43)
Balance at 01/01/2017	122,582	30,938	4,570	111	56	310	2
Changes from 01/01 to 03/31/2017	(419)	(175)	(3)	(1)	(5)	1	-
Net income	6,001	96	(8)	(1)	(5)	1	-
Treasury shares	180	-	-	-	-	-	-
Dividends and interest on capital	(6,612)	(209)	-	-	-	-	-
Other comprehensive income	480	126	4	-	-	-	-
Other	(468)	(188)	1	-	-	-	-
Stockholders' equity at 03/31/2017							
Capital	97,148	12,430	1,962	322	272	262	39
Treasury shares	(1,617)	-	(28)	-	-	-	-
Carrying value adjustments	(2,794)	(952)	402	-	-	-	-
Reserves	27,965	19,285	2,231	8	-	49	-
Other	1,461	-	-	(220)	(221)	-	(37)
Balance at 03/31/2017	122,163	30,763	4,567	110	51	311	2

b) Interest in capital of subsidiaries and joint ventures

Below is the composition of the share capital of subsidiaries and joint ventures, and the quantities held by ITAÚSA:

Interest in capital	Joint Ventures		Subsidiaries				
	Itaú Unibanco Holding S.A.	IUPAR - Itaú Unibanco Participações S.A.	Duratex S.A.	Elekeiroz S.A.	Itautec S.A.	Itaúsa Empreend. S.A.	ITH Zux Cayman Company Ltd.
Outstanding Common shares at 03/31/2016	3,047,037,403	710,454,184	663,079,679	14,518,150	11,199,367	2,186,700	12,200,000
Shares of capital	3,047,040,198	710,454,184	665,565,438	14,518,150	11,199,367	2,186,700	12,200,000
Treasury shares	(2,795)	-	(2,485,759)	-	-	-	-
Outstanding Preferred shares at 03/31/2016	2,881,647,042	350,942,273	-	16,967,020	-	-	-
Shares of capital	3,036,875,751	350,942,273	-	16,967,020	-	-	-
Treasury shares	(155,228,709)	-	-	-	-	-	-
Outstanding shares at 03/31/2016	5,928,684,445	1,061,396,457	663,079,679	31,485,170	11,199,367	2,186,700	12,200,000
Number of shares owned by ITAÚSA at 03/31/2016	1,178,227,819	706,169,365	235,621,037	30,379,121	10,953,371	2,186,700	12,200,000
Common shares	1,178,125,199	355,227,092	235,621,037	14,261,761	10,953,371	2,186,700	12,200,000
Preferred shares	102,620	350,942,273	-	16,117,360	-	-	-
Direct interest at 03/31/2016							
Interest in capital	19.87%	66.53%	35.53%	96.49%	97.80%	100.00%	100.00%
Interest in voting capital	38.66%	50.00%	35.53%	98.23%	97.80%	100.00%	100.00%
Common shares in circulation at 03/31/2017	3,351,741,143	710,454,184	689,298,742	14,518,150	11,072,186	2,186,700	12,200,000
Shares of capital	3,351,744,217	710,454,184	691,784,501	14,518,150	11,199,367	2,186,700	12,200,000
Treasury shares	(3,074)	-	(2,485,759)	-	(127,181)	-	-
Preferred shares in circulation at 03/31/2017	3,172,862,993	350,942,273	-	16,967,020	-	-	-
Shares of capital	3,230,563,326	350,942,273	-	16,967,020	-	-	-
Treasury shares	(57,700,333)	-	-	-	-	-	-
Outstanding shares at 03/31/2017	6,524,604,136	1,061,396,457	689,298,742	31,485,170	11,072,186	2,186,700	12,200,000
Number of shares owned by ITAÚSA at 03/31/2017	1,296,050,600	706,169,365	244,868,698	30,379,121	10,953,371	2,186,700	12,200,000
Common shares	1,295,937,718	355,227,092	244,868,698	14,261,761	10,953,371	2,186,700	12,200,000
Preferred shares	112,882	350,942,273	-	16,117,360	-	-	-
Direct interest at 03/31/2017							
Interest in capital	(1) 19.86%	66.53%	35.52%	(3) 96.49%	98.93%	100.00%	100.00%
Interest in voting capital	(2) 38.66%	50.00%	35.52%	98.23%	98.93%	100.00%	100.00%

(1) Itaúsa holds a direct interest in Itaú Unibanco Holding S.A. of 19.86% and an indirect interest of 17.43% through the investment in the jointly-controlled subsidiary Itaú Unibanco Participações S.A.(IUPAR), which holds a 26.2% direct interest in Itaú Unibanco Holding S.A., totaling 37.29% interest in the capital.

(2) The direct interest in the common shares of Itaú Unibanco Holding S.A. is 38.66% and the indirect interest is 25.5% through the investment in the jointly-controlled subsidiary Itaú Unibanco Participações S.A.(IUPAR), which holds a 51% direct interest in the common shares of Itaú Unibanco Holding S.A., totaling 64.16% of the voting capital.

(3) Itaúsa holds a direct interest in Elekeiroz S.A. of 96.49% and an indirect interest of 0.11% through the investment in the subsidiary Itaúsa Empreendimentos S.A., which holds a 0.11% direct interest in Elekeiroz S.A., totaling 96.6% interest in the capital.

c) Change in investments

Investments	Joint Ventures		Subsidiaries					Total
	Itaú Unibanco Holding S.A.	IUPAR - Itaú Unibanco Participações S.A.	Duratex S.A.	Elekeiroz S.A.	Itautec S.A.	Itaúsa Empreend. S.A.	ITH Zux Cayman Company Ltd.	
Investment balance at 01/01/2016								
Interest in capital	22,336	18,800	1,603	440	75	305	2	43,561
Unrealized income (loss)	(13)	-	-	-	-	-	-	(13)
Fair value - identifiable assets and liabilities	93	-	-	-	-	-	-	93
Balance at 01/01/2016	22,416	18,800	1,603	440	75	305	2	43,641
Changes from 01/01 to 03/31/2016	135	115	(19)	(16)	(12)	-	-	203
Share of income	1,725	412	(11)	(16)	(12)	-	-	2,098
Dividends and interest on capital	(1,350)	(86)	-	-	-	-	-	(1,436)
Other comprehensive income	(150)	(131)	(5)	-	-	-	-	(286)
Other	(90)	(80)	(3)	-	-	-	-	(173)
Investment balance at 03/31/2016								
Interest in capital	22,475	18,915	1,584	424	63	305	2	43,768
Unrealized income (loss)	(13)	-	-	-	-	-	-	(13)
Fair value - identifiable assets and liabilities (Note 22)	89	-	-	-	-	-	-	89
Balance at 03/31/2016	22,551	18,915	1,584	424	63	305	2	43,844
Market value at 03/31/2016 (*)	69,173	-	1,906	213	158	-	-	71,450
Investment balance at 01/01/2017								
Interest in capital	24,394	20,583	1,619	108	55	310	2	47,071
Unrealized income (loss)	(12)	-	-	-	-	-	-	(12)
Fair value - identifiable assets and liabilities (Note 22)	79	-	-	-	-	-	-	79
Balance at 01/01/2017	24,461	20,583	1,619	108	55	310	2	47,138
Changes from 01/01 to 03/31/2017	(131)	(115)	(4)	(1)	(5)	1	-	(255)
Share of income	2,239	65	(3)	(1)	(5)	1	-	2,296
Dividends and interest on capital	(2,323)	(139)	-	-	-	-	-	(2,462)
Sale of investments	-	-	(2)	-	-	-	-	(2)
Other comprehensive income	95	84	1	-	-	-	-	180
Other	(142)	(125)	-	-	-	-	-	(267)
Investment balance at 03/31/2017								
Interest in capital	24,266	20,468	1,615	107	50	311	2	46,819
Unrealized income (loss)	(12)	-	-	-	-	-	-	(12)
Fair value - identifiable assets and liabilities (Note 22)	76	-	-	-	-	-	-	76
Balance at 03/31/2017	24,330	20,468	1,615	107	50	311	2	46,883
Market value at 03/31/2017 (*)	93,100	-	2,246	186	171	-	-	95,702

(*) Disclosed only for public companies.

II) ITAÚSA CONSOLIDATED

a) Composition of investments in associates and jointly controlled entities

	Interest % at 12/31/2016		12/31/2016			01/01 to 03/31/2016	
	Total	Voting	Stockholders' equity	Investment balance	Market value	Net income	Share of income
Itaú Unibanco Holding	37.36	64.16	122,582	24,461	81,955	5,711	1,725
IUPAR - Itaú Unibanco Participações	66.53	50.00	30,938	20,583	-	619	412
Total				45,044			2,137

	Interest % at 03/31/2017		03/31/2017			01/01 to 03/31/2017	
	Total	Voting	Stockholders' equity	Investment balance	Market value	Net income	Share of income
Itaú Unibanco Holding	37.29	64.16	122,163	24,330	93,100	6,001	2,239
IUPAR - Itaú Unibanco Participações	66.53	50.00	30,763	20,468	-	96	65
Other	-	-	-	-	-	-	(*) (1)
Total				44,798			2,303

(*) Result not arising from the net income of subsidiaries

b) Other information

The table below shows a summary of the financial information of the investees accounted for under the equity method:

Assets and liabilities (*)	03/31/2017	12/31/2016
Assets	1,324,014	1,353,261
Cash and cash equivalents	90,990	96,121
Financial assets	702,213	708,625
Loan operations and lease operations portfolio	450,033	463,394
Tax assets	41,530	44,292
Other assets	39,248	40,829
Liabilities	1,191,081	1,219,668
Deposits	324,926	329,414
Securities sold under repurchase agreements	329,977	349,164
Other financial liabilities	318,504	331,918
Reserves for insurance and private pensions	161,822	154,076
Civil, labor, tax and social security lawsuits	21,278	20,909
Other liabilities	34,574	34,187

(*) Basically represented by Itaú Unibanco Holding.

Other Financial Information - Itaú Unibanco Holding	01/01 to 03/31/2017	01/01 to 03/31/2016
Interest and similar income	40,270	38,707
Interest and similar expenses	(24,177)	(22,686)
Net income before income tax and social contribution	9,405	10,675
Income tax and social contribution (*)	(3,527)	(4,977)
Net income	5,878	5,698
Net income attributable to the owners of the parent company	6,001	5,711
Other comprehensive income	480	(752)
Total comprehensive income	6,481	4,959

(*) Considering the temporary effects of Law 13,169/15, which increases the social contribution tax rate to 20%, tax credits were accounted for based on their expected realization. There were no unrecorded deferred tax assets at 03/31/2017 and 12/31/2016.

NOTE 9 – FIXED ASSETS

Fixed Assets	Land	Buildings and Improvements	Equipment and facilities	Furniture and fixtures	Vehicles	Assets under development or construction	Other assets	Total
Balance at 12/31/2015								
Cost	775	1,138	4,568	60	60	195	174	6,970
Accumulated depreciation	-	(413)	(2,217)	(37)	(50)	-	(107)	(2,824)
Net book value	775	725	2,351	23	10	195	67	4,146
Changes from 01/01 to 03/31/2016								
Acquisitions	-	2	8	1	-	35	2	48
Write-offs	-	-	(1)	-	-	-	-	(1)
Depreciation	-	(9)	(73)	(1)	(1)	-	(3)	(87)
Transfers	-	9	43	-	-	(53)	1	-
Other	(5)	(3)	(8)	-	-	-	(1)	(17)
Balance at 03/31/2016								
Cost	770	1,146	4,608	61	60	177	176	6,998
Accumulated depreciation	-	(422)	(2,288)	(38)	(51)	-	(110)	(2,909)
Net book value	770	724	2,320	23	9	177	66	4,089
Annual depreciation rates (%)	-	4%	5% to 20%	10%	10%	-	4% to 20%	
Balance at 12/31/2016								
Cost	755	1,119	4,675	61	60	125	200	6,995
Accumulated depreciation	-	(445)	(2,444)	(40)	(51)	-	(122)	(3,102)
Impairment	-	(9)	(133)	(1)	-	(8)	-	(151)
Net book value	755	665	2,098	20	9	117	78	3,742
Changes from 01/01 to 03/31/2017								
Acquisitions	-	1	7	-	-	38	2	48
Write-offs	-	-	(1)	-	-	-	-	(1)
Depreciation	-	(9)	(72)	(1)	(1)	-	(4)	(87)
Transfers	-	4	29	-	-	(40)	7	-
Impairment	-	-	7	-	-	-	-	7
Other	-	1	2	-	-	(1)	-	2
Balance at 03/31/2017								
Cost	755	1,125	4,712	61	60	122	209	7,044
Accumulated depreciation	-	(454)	(2,516)	(41)	(52)	-	(126)	(3,189)
Impairment	-	(9)	(126)	(1)	-	(8)	-	(144)
Net book value	755	662	2,070	19	8	114	83	3,711
Annual depreciation rates (%)	-	4%	5% to 20%	10%	10%	-	4% to 20%	

NOTE 10 – INTANGIBLE ASSETS

Intangible Assets	Software	Trademarks and patents	Goodwill for future profitability	Customer portfolio	Total
Balance at 12/31/2015					
Cost	85	26	714	414	1,239
Accumulated amortization	(52)	(2)	-	(161)	(215)
Net value	33	24	714	253	1,024
Change from 01/01 to 03/31/2016					
Acquisitions	2	-	-	-	2
Amortization expense	(2)	-	-	(7)	(9)
Other	-	(4)	5	(1)	-
Balance at 03/31/2016					
Cost	87	22	719	413	1,241
Accumulated amortization	(54)	(2)	-	(168)	(224)
Net value	33	20	719	245	1,017
<i>Annual amortization rates</i>	20%	-	-	6.67%	
Balance at 12/31/2016					
Cost	98	23	719	412	1,252
Accumulated amortization	(59)	(3)	-	(189)	(251)
Impairment	(1)	(3)	-	-	(4)
Net value	38	17	719	223	997
Changes from 01/01 to 03/31/2017					
Acquisitions	2	-	-	-	2
Amortization expense	(2)	-	-	(6)	(8)
Balance at 03/31/2017					
Cost	100	23	719	412	1,254
Accumulated amortization	(61)	(3)	-	(195)	(259)
Impairment	(1)	(3)	-	-	(4)
Net value	38	17	719	217	991
<i>Annual amortization rates</i>	20%	-	-	6.67%	

Goodwill for future profitability is a result of the following acquisitions:

	03/31/2017	12/31/2016
Acquisitions		
Itaú Unibanco Holding (note 22)	437	437
Satipel	188	188
Thermosystem	26	26
Cerâmica Monte Carlo	22	22
Deca Nordeste	17	17
Duchacorona	5	5
Metalúrgica Jacareí	2	2
Other acquisitions	22	22
Net value	719	719

NOTE 11 – BIOLOGICAL ASSETS (forest reserves)

ITAÚSA Consolidated, through its subsidiaries Duratex Florestal Ltda., Tablemac S.A. and Caetex Florestal S.A., owns eucalyptus and pine forest reserves that are mainly used as raw materials in the production of wood panels, floors and components, and are also sold to third parties.

These reserves guarantee the supply of wood to ITAÚSA's plants, and they also protect ITAÚSA from the future risk of increases in wood prices. The forest reserves are a sustainable operation and are integrated into ITAÚSA's industrial complexes which, together with the supply network, provides a high level of self-sufficiency in relation to the wood supply.

As of March 31, 2017, these companies had approximately 176.7 thousand hectares in areas of effective planting (176.7 thousand hectares at December 31, 2016) in the states of São Paulo, Minas Gerais, Rio Grande do Sul, Alagoas and Colombia.

a) Fair value estimate

The fair value is determined based on the estimated wood volume at the point of harvest, on the current prices of standing timber, except in the case of (i) eucalyptus forests that have up to one year of life and of pine forests that have up to four years of life, which are stated at cost, as it is understood that these values are close to their fair value; and (ii) forests in the process of growth, for which the discounted cash flow method is adopted.

Biological assets are measured at fair value, less cost to sell at the point of harvest.

The fair value was determined by valuing the estimated volumes at the point of harvest considering the current market prices in view of the volume estimates. The assumptions used were as follows:

i. Discounted cash flow – forecast wood volume at the point of harvest, considering the current market prices, net of realizable planting costs and the capital costs of land used in planting (brought to present value) at the discount rate of 10.1% p.a. at March 31, 2017 and December 31, 2016. The discount rate used in cash flow corresponds to the weighted average cost of Duratex S.A., which is reviewed annually by the Management.

ii. Prices – prices in R\$/cubic meter through current market prices, disclosed by specialized companies operating in regions and offering products similar to those of Duratex, in addition to the prices set in transactions with third parties, also in active markets.

iii. Differentiation – harvest volumes separated and valued according to (a) species (pine and eucalyptus), (b) region, (c) purpose (saw and process).

iv. Volumes – estimates of volumes to be harvested (sixth year for eucalyptus and 12th year for pine), based on the projected average productivity for each region and species. The average productivity may vary based on age, cropping, climate conditions, quality of seedlings, fires and other natural risks. In relation to formed forests, the current wood volumes are used. Rotating inventory is taken from the second year of life of forests, and their effects are included in the financial statements.

v. Regularity – expectations regarding future wood prices and volumes reviewed at least every quarter, or when the rotational physical inventory is concluded.

b) Composition of balances

The biological asset balances are composed of the costs of forest planting and the difference between the fair value and the planting costs, as shown below:

	03/31/2017	12/31/2016
Cost of formation of biological assets	994	966
Difference between cost and fair value	572	563
Fair value of biological assets	1,566	1,529

Forests are free from any liens or guarantees to third parties, including financial institutions. In addition, no forests for which legal title is restricted.

c) Changes

The changes in the accounting balances from the beginning of the period are as follows:

	03/31/2017	12/31/2016
Opening balance	1,529	1,442
Variations in fair value		
Volume price	43	158
Depletion	(34)	(142)
Variations in historical value		
Formation	54	178
Depletion	(26)	(107)
Closing balance	1,566	1,529
	01/01 to	01/01 to
	03/31/2017	03/31/2016
Effects of variations in the fair value of biological assets	9	9
Variations in fair value	43	36
Depletion of fair value	(34)	(27)

NOTE 12 - INCOME TAX AND SOCIAL CONTRIBUTION

ITAÚSA and each of its subsidiaries file separate corporate income tax returns for each fiscal year. Income tax in Brazil comprises income tax and social contribution on net income, which is a tax on income additional to income tax.

a) Composition of income tax and social contribution expense

The amounts recorded as income tax and social contribution expense in the consolidated financial statements reconcile with the statutory rates, as follows:

Current income tax and social contribution	01/01 to 03/31/2017	01/01 to 03/31/2016
Income before income tax and social contribution	2,081	1,942
Charges (income tax and social contribution) at the current rates	(708)	(660)
Increase/decrease in income tax and social contribution charges arising from:		
(Additions) / exclusions	543	667
Share of comprehensive income of associates and joint ventures	783	726
Income from foreign investments	(2)	(2)
Interest on capital	(238)	(55)
Other	-	(2)
Total income tax and social contribution	(165)	7

b) Deferred income tax and social contribution

I - The balance and changes in deferred income tax and social contribution are as follows:

	12/31/2015	Realization/ reversal	Increase	12/31/2016
Deferred tax assets				
Tax losses and social contribution losses carried forward	503	(66)	141	578
Allowance for loan losses	8	(2)	5	11
Adjustment to market value - securities and derivative financial instruments	3	(1)	-	2
Provision for contingent liabilities	248	(19)	94	323
Other	54	(24)	17	47
Total deferred tax assets	816	(112)	257	961
Deferred tax liabilities				
Revaluation reserve	(51)	3	-	(48)
Present value of financing	(5)	-	(1)	(6)
Swap results	(129)	97	-	(32)
Depreciation	(10)	-	(3)	(13)
Pension plans	(5)	4	(1)	(2)
Sales of property	(2)	-	(16)	(18)
Other liabilities	(50)	32	(1)	(19)
Adjustments: CPCs / IFRS	(359)	1	-	(358)
Total deferred tax liabilities	(611)	137	(22)	(496)
Deferred tax assets, net	205	25	235	465

	12/31/2016	Realization/ reversal	Increase	03/31/2017
Deferred tax assets				
Tax losses and social contribution loss carried forward	578	(62)	2	518
Allowance for loan losses	11	-	-	11
Adjustments to market value - securities and derivative financial instruments	2	-	-	2
Provision for contingent liabilities	323	-	47	370
Other	47	(11)	1	37
Total deferred tax assets	961	(73)	50	938
Deferred tax liabilities				
Revaluation reserve	(48)	1	-	(47)
Present value of financing	(6)	2	-	(4)
Swap results	(32)	18	-	(14)
Depreciation	(13)	1	-	(12)
Pension plans	(2)	-	(1)	(3)
Sales of property	(18)	2	-	(16)
Other liabilities	(19)	-	(23)	(42)
Adjustments: CPCs / IFRS	(358)	19	-	(339)
Total deferred tax liabilities	(496)	43	(24)	(477)
Deferred tax assets, net	465	(30)	26	461

II - The estimated realization of the deferred income tax and social contribution, in accordance with the expected generation of future taxable income, based on the history of profitability and technical feasibility studies were as follows:

	03/31/2017	12/31/2016
Deferred tax assets	937	961
Deferred tax assets to be recovered within 12 months	22	29
Deferred tax assets to be recovered after 12 months	915	932
Deferred tax liabilities	(476)	(496)
Deferred tax liabilities to be recovered within up to 12 months	(7)	-
Deferred tax liabilities to be recovered after 12 months	(469)	(496)
Deferred tax assets, net	461	465

NOTE 13 – LOANS AND FINANCING

Type ⁽¹⁾	Charges	Guarantees	03/31/2017		12/31/2016	
			Current	Non Current	Current	Non Current
Duratex						
BNDES	TJLP + 2.2 % p.a.	Surety - Itaúsa	4	-	6	-
BNDES	TJLP + 2.7 % p.a.	Guarantee - Cia Ligna de Investimentos	-	1	-	1
BNDES	TJLP + 2.8 % p.a.	Surety - 70% Itaúsa and 30% natural person	74	59	84	65
BNDES	4.6 % p.a.	Surety - 70% Itaúsa and 30% natural person	3	2	4	2
BNDES	SELIC + 2.16 % p.a.	Surety - 70% Itaúsa and 30% natural person	1	1	1	1
FINAME	TJLP + 2.3 % p.a./ Fixed 6 % p.a.	Chattel Mortgage and Promissory Notes	10	48	10	36
FINAME	6.0 % p.a.	Chattel Mortgage and Guarantee	1	5	1	5
FUNDIEST	30 IGP-M per month	Guarantee - Cia Ligna de Investimentos	30	68	28	74
FUNDOPEM	IPCA + 3 % p.a.	Surety - 70% Itaúsa and 30% natural person	4	48	3	48
PROINVEST / PRO FLORESTA	IGP-M + 4 % p.a./IPCA + 6 % p.a.	Guarantee - Cia Ligna and Mortgage of Asset	-	-	1	-
EXPORT CREDIT with swap	8.0 % p.a.	-	59	-	39	20
EXPORT CREDIT	104.8 % to 107.5 % of CDI	-	104	602	14	693
DISCOUNT NPR	9.5 % p.a.	-	-	-	40	-
EXIM TJLP	TJLP + 3.3 % p.a.	Promissory Note	1	115	1	115
EXIM SELIC	Selic + 3.6 % p.a.	Promissory Note	-	53	-	51
Total local currency			291	1,002	232	1,111
BNDES	Basket of currencies + 2.2 % p.a.	Surety - Itaúsa	-	-	1	-
BNDES	US\$ + LIBOR + 1.6 % p.a.	Surety - Itaúsa	1	-	1	-
ACC	US\$ + 3.8 % p.a.	Promissory Note	43	-	66	-
RESOLUTION 4131 with Swap	US\$ + Libor + 1.50 % p.a.	Promissory Note	1	179	1	180
RESOLUTION 4131 with Swap	US\$ + 2.11 % to 3.66 % p.a.	Promissory Note	207	385	340	387
Total foreign currency			252	564	409	567
Total Duratex			543	1,566	641	1,678
Duratex Subsidiaries						
BNDES	3.5 % to 5.5 % p.a.	Surety - 70% Itaúsa and 30% natural person	1	26	1	26
BNDES	TJLP + 2.8 % p.a.	Surety - 70% Itaúsa and 30% natural person	2	53	2	52
FINAME	Fixed 5.6 % to 9 % p.a.	Chattel Mortgage and Surety Duratex S.A.	2	6	2	6
EXPORT CREDIT NOTE	104.9 % of CDI	Surety - Duratex S.A.	37	106	7	141
RURAL CREDIT NOTE	12.75 % p.a.	Surety - Duratex S.A.	-	181	-	177
RURAL CREDIT NOTE	12.75 % p.a.	-	-	-	13	-
CRA	98 % of CDI	Guarantee - Duratex S.A.	22	693	1	693
Total local currency			64	1,065	26	1,095
CII	LIBOR + 3.95 % p.a.	Pledge and Mortgage of Equipment	2	-	3	-
DEG/CII	5.4 % p.a.	Pledge and Mortgage of Equipment	11	2	10	2
LEASING	DTF + 2.0 % p.a.	Promissory Note	-	1	1	2
Total foreign currency			13	3	14	4
Total Duratex subsidiaries			77	1,068	40	1,099
Elekeiroz						
BNDES	TJLP + 1.72 % to 4.32 % p.a.	Surety - Itaúsa	13	29	15	32
BNDES	IPCA + 1.96 % to 2.26 % p.a.	Surety - Itaúsa	4	9	5	7
BNDES	3.0 % to 6.0 % p.a.	Surety - Itaúsa	1	2	1	2
FINEP	3.5 % p.a.	Surety - Itaúsa	2	6	2	7
NCE SAFRA	17.31 % p.a.	Receivables	14	37	-	54
BNB	11.18 % p.a.	Surety - Itaúsa	2	26	-	28
Total local currency			36	109	23	130
BNDES	Exchange variation + 2.03 % to 2.16 % p.a.	Surety - Itaúsa	3	5	4	7
NCE - ABC	Exchange variation + 5.6 % p.a.	Receivables	7	13	7	13
PREPAYMENT EXPORT	CDI + 5.22 % p.a.	-	-	-	5	1
4131 - ABC	Exchange variation + 5.23 % p.a.	Surety - Itaúsa	29	-	30	-
Total foreign currency			39	18	46	21
Total Elekeiroz			75	127	69	151
Itaútec						
FINEP	4.0 % p.a.	Surety - Itaúsa	15	-	14	4
ALFA CG	114.8 % to 115 % of CDI	-	-	-	16	-
Total local currency			15	-	30	4
Total Itaútec			15	-	30	4
Total Itaúsa Consolidated			710	2,761	780	2,932

(1) Certain loans and financing (identified in the table above as "with Swap") were designated at fair value through profit or loss.

Maturities	03/31/2017	12/31/2016
2018	669	869
2019	777	765
2020	495	483
2021	89	82
2022	711	711
2023	10	9
2024	10	7
Other	-	6
Total	2,761	2,932

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

ITAÚSA and its subsidiaries record provision for tax, labor and civil contingencies in the ordinary course of business.

The respective provision is recognized based on the probability of loss as assessed by the legal advisors of the group.

Relying on the opinion of legal advisors, Management believes that the provision for contingencies recognized is sufficient to cover any loss that may possibly be incurred in any legal action or administrative proceedings.

a) Contingent assets

ITAÚSA and its subsidiaries are discussing in court the refund of taxes e contributions, and they are also a part in civil proceedings in which they have rights receivable or expected rights.

The table below shows the main lawsuits in which, based on the opinion of the legal advisors, a favorable outcome to the company is considered probable, and the amounts related to these lawsuits that are not recognized in the financial statements.

	03/31/2017	12/31/2016
Tax lawsuits	234	230
IPI bonus credit from 1960 to 1985	138	136
Monetary adjustment of credits from Eletrobrás	12	14
INSS - SAT, change in rural rate, transportation voucher and health insurance	51	47
Integration program tax on revenue ("PIS") and social security funding tax on revenue ("COFINS")	21	23
Other	12	10
Civil lawsuits	18	17
Collection/execution of out-of-court instruments	15	14
Other	3	3
Total	252	247

b) Provision

Tax: Provisions is equivalent to the principal amounts of taxes involved in tax, administrative or judicial proceedings, subject to tax assessment notices, plus interest and, when applicable, fines and charges. The amount is accrued when it involves a legal liability, regardless of the likelihood of loss – that is, whether an outcome favorable to the institution is dependent upon the recognition of the unconstitutionality of the applicable law in force. In other cases, the provision is recognized whenever the likelihood of loss is probable.

Labor: Relates to claims in relation to alleged labor rights deriving from overtime, occupational disease, salary equivalence, and involving subsidiary liability.

Civil: Civil lawsuits mainly refer to pain and suffering and property damage.

Following the movement of provision and balances of the judicial deposits:

	Tax	Labor	Civil	Total
Balance at 12/31/2015	664	87	20	771
Monetary adjustment	83	21	3	107
Increase	189	34	3	226
Reversal	(17)	(12)	(3)	(32)
Payments	-	(30)	(1)	(31)
Balance at 12/31/2016	919	100	22	1,041
Escrow deposits	(30)	(15)	-	(45)
Balance at 12/31/2016 after the offset of escrow deposits	889	85	22	996

	Tax	Labor	Civil	Total
Balance at 12/31/2016	919	100	22	1,041
Monetary adjustment	21	3	1	25
Increase	107	7	-	114
Reversal	-	(3)	-	(3)
Payments	-	(7)	-	(7)
Balance at 03/31/2017	1,047	100	23	1,170
Escrow deposits	(30)	(16)	-	(46)
Balance at 03/31/2017 after the offset of escrow deposits	1,017	84	23	1,124

The main discussions related to tax provision are as follows:

- PIS and COFINS – calculation basis – R\$ 947: the right to calculate and pay contributions to PIS and COFINS without including the amounts received as interest on capital in the calculation is under discussion.

c) Contingent liabilities

ITAÚSA and its subsidiaries are involved in tax, civil and labor lawsuits, which, in the opinion of their legal advisors, present possible losses and for which provision is not recognized.

At March 31, 2017, these lawsuits totaled R\$ 945 for tax lawsuits, R\$ 41 for labor claims and R\$ 10 for civil lawsuits.

The main disputes in tax lawsuits that have a probability of possible loss are related to the following topics:

- Income tax withheld at source, income tax, social contribution, PIS and COFINS – request for offset denied – R\$ 384: cases in which the liquidity and certainty of offsetting credits are being discussed;
- Taxation of revaluation reserve – R\$ 243: discussion related to taxation of revaluation reserve in corporate spin-off operations carried out in the period from 2006–2009;
- PIS and COFINS – disallowance of credits – R\$ 94: the restriction regarding the right to credits in connection with certain inputs related to these contributions is being disputed;
- Levying of tax on circulation of goods and services (ICMS) credits – R\$ 48: discussion regarding the levying, recognition and use of ICMS credits;
- Differences in accessory obligations – R\$ 19: there is a discussion regarding possible differences within the information included in the accessory obligations;
- Income tax and social contribution – profit made available abroad – R\$ 14: discussion of the calculation basis for the levying of these taxes on profits earned abroad;
- IRPJ and CSLL – disallowance of credits - R\$ 13: Deduction of tax paid overseas by the parent company is being disputed.

NOTE 15 – ITAÚSA STOCKHOLDERS' EQUITY

a) Capital

The authorized capital is 12,000,000,000 in book entry shares with no par value, being up to 4,000,000,000 in common shares and up to 8,000,000,000 in preferred shares.

Capital is R\$ 36,405, represented by 7,403,288,624 book-entry shares, with no par value, of which 2,828,112,054 are common and 4,575,176,570 are preferred shares without voting rights, but with the following advantages:

- Priority receipt of a non-cumulative annual minimum dividend of R\$ 0.01 per share;
- The right, during a possible disposal of control, to be included in the public offering of shares, so as to be entitled to a price equal to 80% of the amount paid for a share with voting rights, which is part of the controlling stake, and dividends equal to those of the common shares.

The table below shows the breakdown of and changes in shares of paid-in capital and the reconciliation of the balances at December 31, 2016 and March 31, 2017:

	Number			Amount
	Common	Preferred	Total	
Shares outstanding at 12/31/2015	2,595,391,868	4,159,251,428	6,754,643,296	32,325
Changes in shares of paid-in capital from 01/01 to 12/31/2016	257,383,946	413,925,142	671,309,088	4,080
Capital increase based on capitalization of revenue reserves	-	-	-	4,080
Cancellation of treasury stock	(2,155,240)	(2,000,000)	(4,155,240)	-
10% bonus shares	259,539,186	415,925,142	675,464,328	-
Shares of capital stock at 12/31/2016	2,854,931,054	4,575,176,570	7,430,107,624	36,405
Residents in Brazil	2,854,100,005	2,735,820,552	5,589,920,557	27,389
Residents abroad	831,049	1,839,356,018	1,840,187,067	9,016
Treasury shares at 12/31/2016	(26,819,000)	-	(26,819,000)	-
Treasury shares at 12/31/2015	(2,155,240)	(2,000,000)	(4,155,240)	-
Shares purchased	(26,819,000)	-	(26,819,000)	-
Cancellation of treasury stock	2,155,240	2,000,000	4,155,240	-
Shares outstanding at 12/31/2016	2,828,112,054	4,575,176,570	7,403,288,624	36,405
Changes in shares of paid-in capital from 01/01 to 03/31/2017	(26,819,000)	-	(26,819,000)	-
Cancellation of treasury stock	(26,819,000)	-	(26,819,000)	-
Shares of capital stock at 03/31/2017	2,828,112,054	4,575,176,570	7,403,288,624	36,405
Residents in Brazil	2,827,228,585	2,674,671,140	5,501,899,725	27,055
Residents abroad	883,469	1,900,505,430	1,901,388,899	9,350
Treasury shares at 03/31/2017	-	-	-	-
Treasury shares at 12/31/2016	(26,819,000)	-	(26,819,000)	-
Cancellation of treasury stock	26,819,000	-	26,819,000	-
Shares outstanding at 03/31/2017	2,828,112,054	4,575,176,570	7,403,288,624	36,405

b) Dividends

Stockholders are entitled to a mandatory minimum dividend of not less than 25% of the adjusted net income pursuant to the provisions of the Brazilian Corporate Law. Both common and preferred shares participate equally in the dividend, after the common shares have received dividends equal to the minimum priority dividend of R\$ 0.01 per share to be paid on preferred shares. The minimum dividend may be paid in four or more installments, at least quarterly or at shorter intervals.

The calculation of the quarterly advance of the mandatory minimum dividend is based on the share position on the last day of the prior month, with payment being made on the first business day of the subsequent month, amounting to R\$ 0.015 per share.

I. Calculation

Net income	1,921	
(-) Legal reserve	(96)	
Dividend calculation basis	1,825	
Mandatory minimum dividend	456	25.00%

II. Provision for interest on capital and dividends

	Gross	WTS	Net
Provided for	517	(61)	456
Dividends	111	-	111
One quarterly installment of R\$ 0.015 per share paid on 07/03/2017	111	-	111
Interest on capital	406	(61)	345
One installment of R\$ 0.0549 per share to be declared	406	(61)	345
Total at 03/31/2017 - R\$ 0.0616 net per share	517	(61)	456
Total at 03/31/2016 - R\$ 0.0629 net per share ⁽¹⁾	532	(64)	468

(1) For comparative purposes, we considered bonuses.

c) Appropriated reserves

• Legal reserve

The legal reserve is recognized at 5% of the net income for each year, pursuant to Article 193 of Law No. 6,404/76, amended by Law No.11,638/07 and Law No.11,941/09, up to the limit of 20% of capital.

• Statutory reserves

These reserves are recognized with the aim of:

- Dividend equalization with the purpose of guaranteeing funds for the payment of dividends, including interest on capital or advances thereon, to maintain the flow of the stockholders' compensation;
- Increasing working capital, guaranteeing funds for the company's operations; and
- Increasing the capital of investees, to guarantee the preemptive rights of subscription to the capital increases of investees.

	03/31/2017	12/31/2016
Revenue reserves	12,243	12,370
Legal	1,050	954
Statutory	11,193	11,416
Dividend equalization	5,970	5,402
Working capital increases	2,168	2,110
Increases in the capital of investees	3,055	2,662
Proposal for distribution of additional dividends (*)	-	1,242
Other reserves	525	707
Total reserves at parent company	12,768	13,077

(*) Refers to dividends and interest on capital declared after December 31 of each period.

Details of reserves	Revenue reserves		Other reserves	Total reserves
	Legal reserve	Statutory reserves		
Balance at 12/31/2016	954	11,416	707	13,077
Recognition of reserves	96	1,308	-	1,404
Cancellation of treasury stock	-	(204)	-	(204)
Dividend amount in addition to the minimum mandatory dividend for prior years	-	(1,242)	-	(1,242)
Transactions with subsidiaries and jointly controlled companies	-	(85)	(182)	(267)
Balance at 03/31/2017	1,050	11,193	525	12,768

d) Unappropriated reserves

This refers to the balance of profit remaining after the distribution of dividends and appropriations to the legal reserve. This reserve is recognized after a resolution of the Board of Directors, at the Annual Stockholders' Meeting, in the year subsequent to that for which the financial statements are issued.

NOTE 16 – SHARE-BASED PAYMENTS

Stock option plan of subsidiaries – Duratex S.A.

As set forth in the bylaws, Duratex S.A. has a stock option plan, the purpose of which is to integrate its executives into the company's development process in the medium and long term, providing them with the option of benefiting from the value that their work and dedication add to Duratex's capital stock.

The options will entitle their holders to subscribe to the common shares of Duratex, subject to the conditions established in the plan.

The rules and operating procedures related to the plan will be proposed by the People, Governance and Appointing Committee, designated by the company's Board of Directors. This committee will periodically submit proposals regarding the application of the plan to the approval of the Board of Directors.

Options may only be granted in years in which there are sufficient profits to distribute mandatory dividends to stockholders. The total number of options to be granted during each year will not exceed the limit of 0.5% of the total shares held by Duratex that the controlling and non-controlling interest holders own on the date of that year-end balance sheet.

The exercise price to be paid to Duratex is established by the Personnel Committee at the option granting date. The exercise price will be calculated by People, Governance and Appointing Committee based on the average prices of Duratex's common shares at the BM&FBOVESPA trading sessions, over a period of at least five and at most 90 trading sessions prior to the option issue date; at the discretion of that committee, which will also decide on the positive or negative adjustment of up to 30%. The established prices will be adjusted up to the month prior to the exercise of the option at the IGP-M or, in its absence, using an index established by the Personnel Committee.

Assumptions	2007	2008	2009	2010	2011	2012	2013	2014	2016
Total stock options granted	2,787,050	2,678,901	2,517,951	1,333,914	1,875,322	1,315,360	1,561,061	1,966,869	1,002,550
Exercise price at the grant date	11.82	15.34	9.86	16.33	13.02	10.21	14.45	11.44	5.74
Fair value at the grant date	8.88	7.26	3.98	7.04	5.11	5.69	6.54	4.48	4.00
Exercise deadline	10 years	10 years	8 years	8 years	8.5 years	8.8 years	8.9 years	8.1 years	8.9 years
Vesting period	1.5 years	1.5 years	3 years	3 years	3.5 years	3.8 years	3.9 years	3.10 years	3.9 years

To determine this value, the following economic assumptions were adopted:

	2007	2008	2009	2010	2011	2012	2013	2014	2016
Volatility of share price	36.60%	36.60%	46.20%	38.50%	32.81%	37.91%	34.13%	28.41%	39.82%
Dividend yield	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Risk-free return rate ⁽¹⁾	7.60%	7.20%	6.20%	7.10%	5.59%	4.38%	3.58%	6.39%	6.95%
Effective exercise rate	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%

(1) IGP-M coupon

The Company carries out the settlement of this benefit by delivering its own shares held in treasury up to the date of effective exercise of the options by the executives.

In 2015 there was not the Company's stock option grant.

Granting date	Granted number	Maturity date	Exercise deadline	Granting price	To be exercised		Option price	Total amount	Periods			Other periods
					Dec/16	Mar/17			2007 to 2015	2016	2017	
01/31/2007	2,787,034	06/30/2008 to	12/31/2017	11.82	1,294,078	1,266,367	8.88	25	25	-	-	-
02/13/2008	2,678,887	06/30/2009 to	12/31/2018	15.34	1,340,260	1,321,788	7.26	19	19	-	-	-
06/30/2009	2,517,937	06/30/2012 to	12/31/2017	9.86	839,525	839,525	3.98	9	9	-	-	-
04/14/2010	1,333,914	12/31/2013 to	12/31/2018	16.33	808,763	801,545	7.04	9	9	-	-	-
06/29/2011	1,875,322	12/31/2014 to	12/31/2019	13.02	1,523,797	1,513,512	5.11	9	9	-	-	-
04/09/2012	1,290,994	12/31/2015 to	12/31/2020	10.21	780,997	776,474	5.69	6	6	-	-	-
04/17/2013	1,561,061	12/31/2016 to	12/31/2021	14.45	1,222,907	1,214,551	6.54	8	7	2	-	-
02/11/2014	1,966,869	12/31/2017 to	12/31/2022	11.44	2,144,813	2,134,363	4.48	9	4	2	1	2
03/09/2016	1,002,550	12/31/2019 to	12/31/2024	5.74	1,002,550	997,150	4.00	6	-	1	-	4
Sum	17,014,568				10,957,690	10,865,275		100	88	5	1	6
Exercise effectiveness								96.63%	96.63%	96.63%	96.63%	96.63%
Computed value								97	86 (1)	5 (2)	1 (3)	6 (4)

(1) Amount charged to income from 2007 to 2015.

(2) Amount charged to income in 2016.

(3) Amount charged to income in the first quarter 2017.

(4) Value charged to income in other periods.

At March 31, 2017, Duratex S.A. had 2,485,759 treasury shares, which might be used in a possible option exercise.

NOTE 17 – NET SALES REVENUE OF PRODUCTS AND SERVICES

	01/01 to 03/31/2017	01/01 to 03/31/2016
Gross revenue from sales of products and services	1,481	1,390
Domestic market	1,308	1,173
Foreign market	173	217
Taxes and contributions on sales	(303)	(281)
Net revenue from sales of products and services	1,178	1,109

NOTE 18 – EXPENSES, BY NATURE

	01/01 to 03/31/2017	01/01 to 03/31/2016
Variation in fair value of biological assets	43	36
Variations in the inventories of finished products and work in process	54	78
Raw materials and consumption materials	(667)	(669)
Remuneration, charges and benefits to employees	(231)	(231)
Depreciation, amortization and depletion	(141)	(140)
Transport expenses	(79)	(75)
Advertising expenses	(36)	(21)
Other expenses	(94)	(103)
Total	(1,151)	(1,125)

The expenses by nature described above represent the following captions of the statement of income:

	01/01 to 03/31/2017	01/01 to 03/31/2016
Cost of products and services	(921)	(900)
Sales expenses	(157)	(143)
General and administrative expenses	(73)	(82)
Total	(1,151)	(1,125)

NOTE 19 – OTHER (LOSSES)/GAINS, NET

	01/01 to 03/31/2017	01/01 to 03/31/2016
Provision for contingencies - reversal	-	(12)
Write-off of surplus of pension plan	(2)	(1)
Amortization of intangible assets	(8)	(8)
Options granted and recognized	(2)	(2)
Losses on sales of other investments and fixed assets	11	7
PIS and COFINS credits on acquisitions of raw materials	4	3
Rental revenue	2	3
Other	1	(7)
Total	6	(17)

NOTE 20 – FINANCIAL RESULT

	01/01 to 03/31/2017	01/01 to 03/31/2016
Financial income		
Remuneration on financial investments	81	69
Foreign exchange variations	5	3
Indexation adjustment	15	16
Interest and discount obtained	4	4
Other	1	2
Total	106	94
Financial expenses		
Charges on financing	(52)	55
Foreign exchange variations	(5)	(8)
Indexation adjustment	(23)	(24)
Derivatives	(50)	(145)
Bank charges	(3)	(2)
Other	(8)	(8)
Total	(140)	(132)
Total financial result	(34)	(38)

NOTE 21 – EARNING PER SHARE

The basic and diluted earnings per share were computed pursuant to the table below for the years indicated.

The basic earnings per share are computed by dividing the net income attributable to the stockholders of ITAÚSA by the average number of shares for the year, and by excluding the number of shares purchased and held as treasury shares.

Diluted earnings per share are computed in a similar way, but with the adjustment made to the denominator when assuming the conversion of all shares that may dilute earnings.

Net income attributable to owners of the parent company	01/01 to 03/31/2017	01/01 to 03/31/2016
Net income	1,921	1,968
Minimum non-cumulative dividend on preferred shares in accordance with bylaws	(46)	(46)
Subtotal	1,875	1,922
Retained earnings to be distributed to common equity owners in an amount per share equal to the minimum dividend payable to preferred equity owners	(28)	(29)
Subtotal	1,847	1,893
Retained earnings to be distributed to common and preferred equity owners on a pro-rata basis		
To common equity owners	706	727
To preferred equity owners	1,141	1,166
Total net income available to common equity owners	734	756
Total net income available to preferred equity owners	1,187	1,212
Weighted average number of shares outstanding		
Common shares	2,828,112,054	2,854,931,054
Preferred shares	4,575,176,570	4,575,176,570
Earnings per share – basic and diluted - R\$		
Common shares	0.26	0.26
Preferred shares	0.26	0.26

The impact from the dilution of earnings per share is lower than R\$ 0.01.

NOTE 22 – BUSINESS COMBINATION

In May 2010, Bank of America Corporation sold its interest in the capital of Itaú Unibanco Holding. Preferred shares were traded in the market and common shares were purchased by ITAÚSA, which increased its direct and indirect interest in the capital of Itaú Unibanco Holding from 35.46% to 36.57%.

At June 30, 2010, was determined as the date for the application of the acquisition method set forth in CPC 15 / IFRS 3 – “Business Combinations”. The application of the acquisition method involved the recognition and measurement of identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree, and the recognition and measurement of goodwill or gains arising from a bargain purchase.

On the purchase date, ITAÚSA recorded goodwill of R\$ 809, include:

- (i) Identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree;
- (ii) The consideration for the control of the purchased company; and
- (iii) Goodwill or gains arising from a bargain purchase.

The table below shows the balance of identifiable assets and liabilities and the amount of goodwill computed proportionally to the acquisition of 1.22%:

	12/31/2016	Amortization/ Realization	03/31/2017
Intangible assets subject to amortization			
Customer relationships	27	(1)	26
Exclusive access to retail customers and real estate brokers	37	(4)	33
Others	1	-	1
Total intangible assets subject to amortization (I)	65	(5)	60
Intangible assets not subject to amortization			
Hipercard brand	2	-	2
Itaú brand	65	-	65
Total intangible assets not subject to amortization (II)	67	-	67
Total allocated to intangible assets (III = I + II)	132	(5)	127
Deferred tax liability (IV)	(53)	2	(51)
Total goodwill allocated (V = III + IV)	79	(3)	76
Goodwill	437	-	437

Identifiable intangible assets subject to amortization are recorded in income for a period of 2 to 16 years, according to the useful life defined based on the expected future economic benefits generated by the asset.

Intangible assets not subject to amortization and the residual goodwill, which also represents the expected future economic benefits, do not have defined useful lives, and will have their recoverability tested at least annually by Management.

This purchase of shares represented an increase in the interest of ITAÚSA, and most of the identifiable assets and liabilities were recorded in ITAÚSA based on criteria that were similar to those for previously recorded operations, before the increase in interest. Likewise, the same approach was followed for the income, expenses and net income of ITAÚSA.

NOTE 23 – POST-EMPLOYMENT BENEFITS

As prescribed in CPC 33 / IAS 19 - "Employee Benefits", we present the policies adopted by subsidiaries of ITAÚSA in relation to employee benefits, as well as the accounting procedures adopted.

ITAÚSA's subsidiaries in Brazil are part of a group of companies that sponsor Fundação Itaúsa Industrial, a not-for-profit organization the purpose of which is to manage private plans for the concession of bonus plans or supplementary income or benefits similar to those conferred by the official government retirement plan. Fundação Itaúsa manages a defined contribution plan – PAI-CD (the "CD Plan") and a defined benefit plan–BD (the "BD Plan").

Employees hired by the industrial and services area companies have the option of voluntarily participating in the CD Plan, managed by Fundação Itaúsa Industrial.

(a) Defined contribution plan – CD Plan

This plan is offered to all employees of sponsor companies and had 8,861 participants at March 31, 2017 (8,940 at December 31, 2016).

The CD Plan (an individual retirement plan) offers no actuarial risk and the investment risk is borne by the participants.

Pension Program Fund

Contributions made by sponsors that remained in the plan because the participants had opted for redemption or early retirement, formed the Pension Fund which, according to the internal rules of the plan, has been used to offset contributions made by the sponsors.

The amount recorded in the balance sheet under "Other financial assets" (Note 6a) is R\$ 115 (R\$ 117 at December 31, 2016). The amount of R\$ 2 was recognized in the results (R\$ 1 was recorded in result at March 31, 2016).

(b) BD Plan

This plan has as its basic purpose the granting of benefits that, as a lifetime monthly income, are intended to supplement, pursuant to its terms, the income paid by the official government retirement plan. This plan is no longer available, which means that no new participants will be admitted to it.

The plan includes the following benefits: a supplement to the governmental retirement plan, payable based on the time of contribution, special circumstances, age, disability, lifetime monthly income, retirement premium and death bonus.

At March 31, 2017, Other Financial Assets (Note 6a) recorded in the balance sheet amounted to R\$ 13 (R\$ 14 at December 31, 2016), payable in twenty-seven (27) monthly installments.

Main assumption used

	03/31/2017	03/31/2016
Discount rate	11.14% p.a.	12.60% p.a.
Mortality table (1)	AT-2000	AT-2000
Turnover	Null	Null
Future salary growth	7.23 % p.a.	7.38 % p.a.
Growth of the pension benefit /plans	4.85 % p.a.	5.00 % p.a.
Inflation	4.85 % p.a.	5.00 % p.a.

(1) The mortality tables adopted correspond to those disclosed by the Society of Actuaries, the North American entity equivalent to the Brazilian Institute of Actuarial Science, which reflects a 10% increase in the probability of survival compared to the respective basic tables; the life expectancies in years according to the AT-2000 mortality table for participants of 55 years of age are 27 and 31 years for men and women, respectively.

NOTE 24 – SEGMENT INFORMATION

In accordance with the standards in force, an operating segment may be understood as a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

(b) whose operating results are regularly reviewed by the entity's chief operating decision – makers in order to make decisions about resources to be allocated to the segment and assess its performance;

(c) for which discrete financial information is available.

The operating segments of ITAÚSA were defined according to the reports submitted to the Board of Directors for decision-making. Therefore, the segments are divided into the Financial Services Area and the Industrial Area.

ITAÚSA is a holding company and its subsidiaries are: Duratex, Elekeiroz and Itaotec, which operate in the industrial area, and Itaú Unibanco Holding, under ITAÚSA's joint control and operating in the financial area.

The Itaúsa subsidiaries have independence with regard to defining their differentiated and specific standards in the management and segmentation of their respective businesses.

- **Financial Services Area**

Itaú Unibanco Holding is a banking institution that offers, directly or through its subsidiaries, a broad range of credit and other financial services to a diversified client base of individuals and companies in and outside Brazil.

ITAÚSA exercises joint control over the businesses of Itaú Unibanco Holding; the jointly-controlled entities were accounted for under the equity method and were not consolidated.

The complete financial statements of Itaú Unibanco Holding for the period from January 1, 2017, to March 31, 2017, are available at the following website <https://www.ita.com.br/relacoes-com-investidores/>.

- **Industrial Area**

In the industrial segment we have a broad range of companies; for this reason, we have separated information by company. A brief description of the products manufactured by each company is as follows:

I) Duratex manufactures bathroom porcelain and metals, and the respective fittings and electronic showers, with the Deca and Hydra brands, which are distinguished by their wide range of products, bold design, and superior quality. Duratex also produces wood panels from pine and eucalyptus, largely used in the manufacture of furniture, mainly fiberboard, chipboard and medium, high and super-density fiberboards, better known as MDF, HDF and SDF, from which laminated flooring (Durafloor) and ceiling and wall coatings are manufactured.

II) Elekeiroz operates in the chemical market and is engaged in the manufacturing and sale of chemical and petrochemical products in general, including third parties' products, and imports and exports. The company's production capacity exceeds 700 thousand tons of chemical products per year in its industrial units, and the products are basically intended for the industrial sector, particularly for the civil construction, clothing, automotive and food industries.

III) Itaotec's main business is holding an interest in companies in Brazil and abroad, particularly in companies engaged in the manufacture and sale of commercial and banking automation equipment and the provision of services.

	January to March	FINANCIAL SERVICES AREA	INDUSTRIAL AREA			ITAUSA CONSOLIDATED ⁽²⁾
		Itaú Unibanco Holding	Duratex ⁽¹⁾	Elekeiroz	Itautec	
Total assets	2017	1,323,995	9,142	429	109	58,253
	2016	1,203,294	8,766	710	162	54,020
Operating revenues ⁽³⁾	2017	53,138	952	225	1	3,481
	2016	50,985	901	206	3	3,246
Net income	2017	6,001	(8)	(1)	(5)	1,916
	2016	5,711	(30)	(16)	(12)	1,949
Stockholders' equity	2017	122,163	4,567	110	52	50,754
	2016	113,087	4,501	439	65	48,033
Annualized return on average equity (%) ⁽⁴⁾	2017	20.1%	-0.7%	-4.1%	-35.0%	15.1%
	2016	20.5%	-2.6%	-14.4%	-68.4%	16.3%
Internal fund generation ⁽⁵⁾	2017	19,490	198	10	(4)	(26)
	2016	15,229	147	(3)	(6)	32

(1) Net Income, Stockholders' equity and ROE of Duratex correspond to results of Consolidated Financial Statement.

(2) ITAUSA CONSOLIDATED includes: the consolidation of 100% of the subsidiaries and is net of consolidation elimination and unrealized results of intercompany transactions and the amounts for Itaú Unibanco Holding that were not consolidated and are now being accounted for under the equity method.

(3) Operating revenue by area of operations was obtained as follows:

- Itaú Unibanco Holding: interest and similar income, dividend income, net gain (loss) from investment securities and derivatives, banking service fees, income from insurance, private pension and capitalization operations before claim and selling expenses and other income.
- Duratex, Itautec and Elekeiroz: sales of products and services.
- ITAUSA CONSOLIDATED: sales of products and services and the share income of associates and joint ventures.

(4) Represents the ratio of net income for the year and the average equity (Dec16 + Mar) / 2.

(5) Refers to funds arising from operations as reported in the statement of cash flows.

Note: Net Income, Stockholders' equity and ROE of Itaú Unibanco correspond to results attributable to controlling stockholders. As from the second quarter of 2016, Itaú CorpBanca was consolidated in Itaú Unibanco financial statements.

NOTE 25 – RELATED PARTIES

Transactions between related parties are carried out based on the amounts, maturities and average rates in accordance with normal market practices on the respective dates, as well as under reciprocal conditions.

Transactions between companies included in the consolidation were eliminated from the consolidated financial statements. The transaction terms take into consideration the absence of risk.

The transactions with these related parties are mainly characterized as follows:

a) Related parties

	Assets/(Liabilities)		Revenue/(Expenses)	
	03/31/2017	12/31/2016	01/01 to 03/31/2017	01/01 to 03/31/2016
Financial investments	25	35	1	6
Itaú Unibanco S.A.	25	35	1	6
Customers	42	37	33	41
Other Related Parties (*)	42	37	33	41
Banking service fees	-	-	(11)	(2)
Itaú Corretora S.A.	-	-	(1)	(1)
Itaú Unibanco S.A.	-	-	(1)	1
Itaú Seguros	-	-	(9)	(2)
Total	67	72	23	45

(*) Refers basically to the operations for the sale of Duratex S.A.'s goods to Leo Madeiras Maqs. e Fer. S.A., Fibria Celulose and Leroy Merlin Cia. Bras. de Bricolagem (From 07/29/2016 the Leroy Merlin has ceased to be a related party), as well as rural leasing costs with Ligna Florestal Ltda.

In addition to the aforementioned operations, ITAÚSA and non-consolidated related parties, as an integral part of agreement for the apportionment of common costs, recorded in "General and administrative expenses", the amount of R\$ 1 from January 1 to March 31, 2016 due to the use of a common shared-structure.

As at March 31, 2017, it was not necessary to make an allowance for doubtful accounts.

b) Guarantees provided

In addition to these transactions, there are guarantees provided by ITAÚSA, endorsements, sureties and others, as follows:

	03/31/2017	12/31/2016
Duratex S.A.	195	211
Elekeiroz S.A.	130	138
Itautec S.A.	15	19
Total	340	368

c) Compensation of key personnel

The compensation of members of ITAÚSA and its subsidiaries' management was as follows:

	01/01 to 03/31/2017	01/01 to 03/31/2016
Compensation	9	12
Profit sharing	5	3
Stock options	1	1
Total	15	16

NOTE 26 – MANAGEMENT OF FINANCIAL RISKS

I – Financial risk factors

In order to understand the risks inherent in ITAÚSA'S activities, it is important to understand that its business objective is the management of investments in its companies. Accordingly, the risks to which ITAÚSA is subject are those that are managed by its subsidiaries and affiliates.

In terms liquidity risk, ITAÚSA's cash flow forecast is made by Management, which monitors the continuous forecasts of liquidity requirements to ensure that it has sufficient cash to meet operating needs, mainly the payment of dividends and interest on capital and the settlement of other obligations assumed.

ITAÚSA's excess cash is invested in government securities and investment fund quotas.

At the reporting date, ITAÚSA had cash and cash equivalents amounting to R\$ 1,026 (R\$ 666 at December 31, 2016), which are expected readily generate to cash inflows to manage the liquidity risk.

With the purpose of maintaining investments at acceptable risk levels, new investments or increases in interests are discussed at a joint meeting of ITAÚSA's Executive Board and Board of Directors.

We present below the main risks associated with ITAÚSA's subsidiaries:

a) Market risk

(i) Foreign currency risk

Changes in foreign exchange rates may result in a decrease in asset amounts or an increase in liability amounts. The foreign exchange risk derives from future commercial operations, assets and liabilities recognized and net foreign investments.

In view of certain risk management procedures, which aim to minimize the foreign exchange exposure, hedge mechanisms are in place to protect most of the foreign exchange exposure.

(ii) Derivative operations

In derivative operations there are no checks, monthly settlements or margin calls, and the contract is settled upon maturity, and recorded at fair value, taking into account market conditions such as terms and interest rates.

We present below the types of contract in place in subsidiaries:

- Swap contracts - US\$ x CDI: this type of operation aims at changing debts expressed in US dollars into debts indexed to the CDI;
- Swap contracts – fixed rate x CDI: this type of operation aims to change debts at fixed interest rates into debts indexed to the CDI;
- NDF (Non-Deliverable Forward) Contract: this operation is aimed at eliminating a company's foreign exchange exposure. Accordingly, the contract is settled on its respective maturity date, taking into account the difference between the forward exchange rate (NDF) and the foreign exchange rate at the end of the period (Ptax);
- The fair value of financial instruments was valued based on the estimated present value, both for the long and short positions, and the resulting difference between these positions gives rise to the swap market value.

The following table summarizes the fair value of derivative financial instruments:

	Notional amount	Fair value	Accumulated effect	
	03/31/2017	03/31/2017	Amount receivable	Amount payable
Swap contracts	-	37	41	(4)
Asset position	836	922	41	(4)
Foreign currency (US\$)	778	863	41	(4)
Fixed rate	58	59	-	-
Liability position	(836)	(885)	-	-
CDI	(836)	(885)	-	-
Futures contracts (NDF)	40	40	-	-
Agreement of Sale	40	40	-	-
NDF	40	40	-	-

	Notional amount	Fair value	Accumulated effect	
	12/31/2016	12/31/2016	Amount receivable	Amount payable
Swap contracts	-	94	98	(4)
Asset position	959	1,120	98	(4)
Foreign currency (US\$)	901	1,062	98	(3)
Fixed rate	58	58	-	(1)
Liability position	(959)	(1,026)	-	-
CDI	(959)	(1,026)	-	-
Futures contracts (NDF)	27	27	-	-
Agreement of Sale	27	27	-	-
NDF	27	27	-	-

The gains or losses on operations shown in the table were offset in the interest and foreign currency, asset and liability positions, the effects of which are presented in the financial statements.

Sensitivity analysis

We present below the sensitivity analysis of financial instruments, including derivatives, describing the risks that may give rise to material losses to ITAÚSA and its subsidiaries, with a Probable Scenario (Base Scenario) and two other scenarios, pursuant to the provisions of CVM Instruction No. 475/08, representing 25% and 50% impairment of the risk variable considered.

For the risk variable rates used in the Probable Scenario, BM&FBOVESPA / Bloomberg quotations were used for the respective maturity dates.

Risk	Instrument/Operation	Description	Probable Scenario	Possible Scenario	Remote Scenario
Interest rate	Swap – Fixed/ CDI	Increase - CDI	(1)	(2)	(3)
	Hedged item: loans at fixed rates		1	2	3
	Swap - US\$ / CDI (Res. 4131)	Drop - US\$	60	(198)	(456)
	Hedged item: debt in foreign currency (US\$)	(Increase US\$)	(60)	198	456
Foreign exchange	NDF (US\$)	Drop - US\$	(2)	(8)	(20)
	Hedged item: debt in foreign currency (US\$)	(Increase US\$)	2	8	20
	Exports receivable	(Drop - US\$)	-	(4)	(8)
		Increase - US\$	-	4	8
	BNDES – revolving credit	Drop - US\$	(2)	3	5
		(Increase US\$)	-	(3)	(5)
	Advances on exchange contracts – foreign exchange discount	Drop - US\$	-	4	8
		(Increase US\$)	-	(4)	(8)
Total			(2)	-	-

(iii) Cash flow risk or fair value associated with interest rate

The cash invested earns interest indexed to the CDI variation percentage, with redemption guaranteed by the issuing banks in accordance with the contracted rates. There are no other relevant assets the results of which are directly affected by changes in market interest rates.

For liabilities, the interest rate risk derives from long-term loans. Most of these loans are indexed to the Brazilian long-term interest rate ("TJLP"), a rate aimed at encouraging long-term investments in the production sector, which is historically lower than the financing rates in the market.

The risk associated with these contracted interest rates is monitored from the beginning of the financing, and the institution's policy is to monitor the changes in and projections of the interest market, analyzing any possible need or opportunity to contract hedges for these operations.

b) Credit risk

The sales policy is directly associated with the credit risk level to which the institution is willing to be exposed to in the course of business. Diversifying the receivables portfolio and selecting clients, as well as monitoring sales financing terms and individual credit limits, are among the procedures adopted to minimize default levels or losses in the realization of accounts receivable.

Regarding financial and other investments, the company's policy is to work together with prime institutions and refrain from having investments concentrated in a single economic group.

c) Liquidity risk

This is the risk that ITAÚSA and its subsidiaries will not have net funds that are sufficient to meet their financial commitments, as a result of the mismatch of terms or volume between the scheduled receipts and payments. Assumptions regarding future reimbursements and receipts, monitored on a daily basis by the treasury area, are established in order to manage the liquidity of cash in domestic and foreign currencies.

The table below shows the maturities of financial liabilities and accounts payable to suppliers at the balance sheet date:

03/31/2017	Less than 1 year	From 1 to 2 years	From 3 to 5 years	Over 5 years
Loans and financing	710	1,446	1,295	20
Suppliers and other payables	320	18	-	33
Total	1,030	1,464	1,295	53

12/31/2016	Less than 1 year	From 1 to 2 years	From 3 to 5 years	Over 5 years
Loans and financing	780	1,636	1,292	4
Suppliers and other payables	298	1	-	34
Total	1,078	1,637	1,292	38

II - Estimated fair value

It is assumed that the balances of trade accounts receivable and trade accounts payable at their carrying amounts less impairment are close to their fair values. The fair values of financial assets and liabilities, for disclosure purposes, are estimated by discounting the future contractual cash flow at the interest rate in force in the market, which is available for ITAÚSA and its subsidiaries for similar financial instruments.

The financial statements are in conformity with CPC 40 / IFRS 7 – "Financial Instruments: Evidence" measured in the balance sheet at fair value, which requires the disclosure of these measurements using the following hierarchy levels:

- Level 1: prices (unadjusted) quoted for identical assets or liabilities in active markets;
- Level 2: information, in addition to quoted prices, included in level 1, which is adopted by the market for assets or liabilities, either directly (that is, as prices) or indirectly (that is, as price derivatives);
- Level 3: inputs for assets or liabilities not based on the data adopted by the market (that is, non-observable inputs).

In the following table, we present the consolidated financial instruments by level:

	Level	03/31/2017	12/31/2016
Assets ⁽¹⁾		4,909	5,119
Cash and cash equivalents	1	64	50
Cash and cash equivalents	2	2,543	2,384
Subordinated financial bills	2	59	61
Financial treasury bills	1	378	249
Trade accounts receivable	2	985	934
Dividends and interest on capital	2	508	1,004
Deposits as guarantees for contingent liabilities	2	101	99
Other assets	2	271	338
Liabilities:		5,253	6,077
Loans, financing and debentures	2	3,471	3,712
Suppliers / other expenses	2	371	333
Dividends and interest on capital	2	1,411	2,032

(1) The fair values of interests in unconsolidated joint ventures are reported in note 8 IIa.

NOTE 27 – SUBSEQUENT EVENTS

Acquisition of equity stake in Nova Transportadora do Sudeste

On April 4, 2017, Itaúsa acquired equity stake in Nova Transportadora do Sudeste S.A. – NTS (“NTS”), a company controlled by Nova Infraestrutura Fundo de Investimentos em Participações (“FIP”), a fund managed by Brookfield Brasil Asset Management Investimentos Ltda.

Itaúsa acquired its stake in NTS through the purchase of shares owned by FIP, following the same terms and conditions of the transaction formalized between FIP and Petróleo Brasileiro S.A. (“Petrobras”), concluded on April 4, 2017.

Itaúsa’s investment in this acquisition was US\$ 292.3 million and resulted in a final stake of 7.65% in NTS’ capital stock. Out of the amount invested, R\$ 696.9 million was paid on April 4, 2017, and US\$ 72.3 million will be paid in five years, as adjusted in the period. Also on April 4, 2017, in addition to this stake in NTS, Itaúsa acquired from FIP debentures convertible into shares issued by NTS, maturing in ten (10) years in the total amount of R\$ 442.1 million.

NTS holds permits to operate 2,050 km of gas pipelines in the Southeast region and has 100% of its transportation capacity of 158.2 million cubic meters per day contracted with Petrobras through five long-term ship-or-pay contracts. These permits are due as of 2039 and current transportation contracts expire between 2025 and 2031. NTS gas pipelines connect Rio de Janeiro, Minas Gerais, and São Paulo (regions that account for approximately 50% of gas consumption in Brazil) to the Brazil-Bolivia gas pipeline, LNG terminals and gas processing plants. The company tariffs are regulated by the National Petroleum, Natural Gas and Biofuels Agency (ANP), which are adjusted annually by the IGP-M (General Market Price Index).

Itaúsa will be entitled to nominate one member to the Board of Directors of NTS (out of up to 10 members) and to participate in the shareholders’ agreement along with FIP and Petrobras.

This transaction is not expected to have any significant impact on Itaúsa’s current fiscal year’s results.

Acquisition of Treasury Shares

On April 13, 2017, 25,000,000 common treasury shares were acquired at the total cost of R\$ 226.

Issue of Debentures

On May 4, 2017, the board of directors approved the issue of debentures in the amount of R\$ 1,200 with interest at 106.9% of CDI per year, with semiannually payments and amortization of 1/3 at the end of the 5th, 6th and 7th years.

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders and Management of
Itaúsa – Investimentos Itaú S.A.
São Paulo – SP

Introduction

We have reviewed the accompanying balance sheet of Itaúsa - Investimentos Itaú S.A. (Company), as of March 31, 2017 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as a summary of the main accounting practices and other notes.

We have also reviewed the consolidated balance sheet of Itaúsa - Investimentos Itaú S.A. and its controlled companies (Consolidated), as of March 31, 2017 and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as a summary of the main accounting practices and other notes.

The Company's management is responsible for the fair presentation and preparation of the individual interim financial statements in accordance with Technical Pronouncement CPC 21 (R1) – Interim Financial Statements, issued by the Committee of Accounting Pronouncements (CPC), and of the consolidated interim financial statements in accordance with Technical Pronouncement CPC 21 (R1) – Interim Financial Statements and with the International Accounting Standard IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board (IASB). Our responsibility is to express an opinion on the interim information based on our review.

Scope of the review

We conducted our review in accordance with Brazilian and international standards for reviewing interim financial information (NBC TR 2410 and ISRE 2410 – “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”). An interim review consists principally of applying analytical and other review procedures, and making enquiries of and having discussions with persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

Conclusion on the individual interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial statements referred to above do not present fairly, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. at March 31, 2017, the results of its operations and cash flows for the three-month period then ended, in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Statements.

Conclusion on the consolidated interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements referred to above do not present fairly, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. and its controlled companies at March 31, 2017, the consolidated results of its operations and cash flows for the three-month period then ended, in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Statements and International Accounting Standard IAS 34 - Interim Financial Reporting, issued by IASB.

Other issues

Interim statements of value added

We have also reviewed the Individual and Consolidated interim statements of value added for the three-month period ended March 31, 2017. These statements are the responsibility of the company's management and are presented as supplementary information. These statements were submitted to the same review procedures previously described and based on our review, we are not aware of any fact that would lead us to believe that they have not been fairly stated, in all material respects, in relation to the interim financial statements, Company and Consolidated, taken as a whole.

São Paulo, May 04, 2017.



**BDO RCS Auditores Independentes SS
CRC 2 SP 013846/O-1**

**Jairo da Rocha Soares
Accountant CRC 1 SP 120458/O-6**

Report on Review

To the Board of Directors and Shareholders of Itaúsa – Investimentos Itaú S.A.

Introduction

We have reviewed the accompanying interim balance sheet of Itaúsa - Investimentos Itaú S.A. ("Parent Company") as at March 31, 2017 and the related statements of income, comprehensive income and cash flows for the three month period then ended and changes in equity for the three-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

We have also reviewed the accompanying consolidated interim balance sheet of Itaúsa - Investimentos Itaú S.A. and its subsidiaries ("Consolidated") as at March 31, 2017 and the Consolidated statements of income, comprehensive income and cash flows for the three -month period then ended and changes in equity for the three -month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the Parent Company interim financial statements in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the Consolidated interim financial statements in accordance with accounting standard CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the Parent Company interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Parent Company interim financial statements referred to above do not present fairly, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. at March 31, 2017, and its financial performance and cash flows for the three -month period ended March 31, 2016, in accordance with CPC 21 - Interim Financial Reporting.

Conclusion on the Consolidated interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Consolidated interim financial statements referred to above do not present fairly, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. and its subsidiaries, at March 31, 2017, and their financial performance and the cash flows for the three-month period ended March 31, 2017, in accordance with CPC 21 - Interim Financial Reporting and the International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

Other matters

We have also reviewed the Parent Company and Consolidated interim statements of value added for the three - month period ended March 31, 2017. These statements are the responsibility of the company's management, and are presented as supplementary information. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the interim financial statements taken as a whole.

São Paulo, May 04, 2017.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Washington Luiz Pereira Cavalcanti
Accountant CRC 1SP172940/O-6

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

CNPJ 61.532.644/0001-15

A Publicly Listed Company

NIRE 35300022220

OPINION OF THE FISCAL COUNCIL

The members of Fiscal Council of **ITAÚSA - INVESTIMENTOS ITAÚ S.A.** (Itaúsa) have proceeded to examine the account statements for the quarter ending March 31, 2017, which were reviewed by BDO RCS Auditors Independents S/S (BDO) as independent auditors, pursuant to the statutory requirements including those relating to the regulations issued by the Brazilian Securities and Exchange Commission. Pursuant to the practices of Corporate Governance, these account statements have also been reviewed by PricewaterhouseCoopers Auditors Independents (PwC), as Conglomerate's independent auditor, including of the controlling company of Itaúsa. Both the independent auditors issued unqualified reports.

The Fiscal Councilors have verified the exactness of the elements examined and in the light of the opinions of BDO and PwC mentioned above, understand that these documents adequately reflect the equity situation, the financial position and the activities of Itaúsa in the period. São Paulo (SP), May 4, 2017. (signed) Tereza Cristina Grossi Togni – President; Alexandre Barenco Ribeiro, Flavio Cesar Maia Luz, José Maria Rabelo and Paulo Ricardo Moraes Amaral – Councilors.

ALFREDO EGYDIO SETUBAL
Investor Relations Officer